

Acceptability of Banking Operations in Iraqi Kurdistan

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Abstract

The research is descriptive in nature and have taken two objectives are to know the variables involved in the banking operation in Kurdistan and to know the people perception towards banking operation. Eighteen variables taken for study and a sample of 255 respondents belonging to Kurdistan contributed their opinion. To check the acceptability for the variables T-Test is performed and further to know the variance in opinion of respondents One Way ANOVA is performed. The analysis is based on the output of SPSS 20 and outputs are presented in tables as research findings. The analysis further explains that the banking operation needs to get strong support from government and the Islamic society for proactive execution and in its absence people are putting their money in the market without safety or to other invests. The Islamic religious beliefs are the psychological boundary for the expansion of banking operation in Kurdistan. The analysis of the data collected through the structured questionnaire reaching to all the objectives. The analysis further explains that the banking operation in Kurdistan is not very robust and can said that “the only way a bank would lend you money when you prove that you really don’t need it”, so people can put their money in the bank with safety.

Keywords: Bank, Government, Kurdistan, Islamic, Lending, Acceptability.

Introduction

The main job of a bank is to act as intermediary between savers and borrowers. This would fulfill the requirement that a bank needs to allocate resources at the lowest possible cost. An insured bank supposedly is a safer place than home but people haven't been able to trust the bank fully. Government banks can be trusted but also run out of money quickly (Hildreth, 2001), so when people need money the bank has the right to tell its customer that it doesn't preserve any cash and a customer needs to come back later week or month. This kind of response has turned off customers for decades. In a fully functioning economy, financial sector normally play an important role in the economic development of a country. Banks normally are the intermediaries or tunnel between savers/depositors and capital seeking ventures (users). Putting money in the bank goes back hundreds of years ago, yet in this part of the world people still keeps the cash at home for safety reason. The first bank established as an institution was in Venice approximately seven hundred years ago. Later followed by, Genoa and Barcelona, and the bank of Amsterdam and England (Hildreth, 2001). Traditionally, the people of Kurdistan have experience borrowing money for agriculture or industrial sector project from the government. In mid-2000, the KRG attempted to improve the agriculture sector and farmers could lend up to 60% of cost of projects with no interest charges. The drawback was that the loan needed to be paid back within five years. Many farmers took advantage of this offer but later sold their equipment to pay back the loan due to poor planning of government and the agriculture sector. At least in one recent incident occurred where a borrower has mis-communicated with the foreign lenders in the city of Erbil. A local borrower has to pay the difference in currency exchange between dollar and dinar. The negotiation wasn't completely understood by the borrowers. Therefore some local borrowers believe that foreign banks here to just make profit rather than assisting locals. From borrowers' point of view, foreign banks are more complicated in their lending activities than the traditional government-run banks. Another incident is that I personally interviewed a private foreign bank in Erbil that the bank literally doesn't have any benefit to the depositors such as loan and credit cards except wiring with hefty fees.

The first regular institution resembling what we call a Bank was established at Venice, nearly even hundred years ago. In its origin it had nothing to do with the business of banking. It began in this way. The Republic being engaged in war, and falling short of funds, had recourse to a forced loan. Most of the banks if not all in Iraq were state-owned banks and ex-Iraqi government had full control of operation. Traditionally, the Kurds are not so attracted to banks for borrowing or depositing and the cause can be the trust, interest rates, and safety issues or simply not aware of banks benefits. In other words, people haven't utilized those institutions sufficiently. In 2012-2013 Erbil was the fastest growing city in the Middle East in oil, construction and tourism, yet, education and hospital and specifically the banking system was lagging behind; therefore, many foreign companies complained but later adopted the cash economy. A personal experience with the bank of Rafiden that the bank is totally insured by the Iraqi government even if the government collapsed. This statement is true when the Iraqi government collapsed in 2003. Those who had money in the bank were able to recover their capital later in time. But, the problem is that government banks can easily run out of cash for weeks if not months. Kurdistan Regional Government (KRG) has worked hard to attract foreign investment in various industries to invest in Kurdistan, especially in oil sector and later followed by tourism sector. Skyscrapers and top-stars hotels are becoming apparent in Erbil, the capital city of region, but one thing is lacking, an efficient banking system.

Compare it to professional banking system. KRG is way below the standard and considered cash economy. Most government banks in Iraqi Kurdistan are serving government employees and hardly adding any value to private household such as home loans or car loan. Orders, financial transactions and even credit cards all are executed in cash. For instance, in order for a government employee to collect a salary, he/she must queue in their offices or some government bank to receive it. Purchasing a property the buyer needs to carry several hundred thousand dollars in cash to the real estate office or sometimes the transaction takes place at home. Worse than this, when a Kurdish merchant goes to a foreign country, let's say China, to purchase goods, he/she has to pay cash because the foreign sellers wouldn't accept anything from a Kurdish merchant except cash. The local and some foreign private banks have expanded their services by offering so-called credit cards such as master card and visa card. However, those cards are barely credit cards but rather debit cards with those symbols so they can be used for purchasing. Those cards are used specially for airline and some foreign purchases. Those so-called credit cards are hardly used and accepted locally. Some of the private banks also offer wiring and other avenue of transferring money from Kurdistan to foreign countries and vice versa. Out of those private banks, there are considerable numbers of Islamic banks. Like the rest, those banks do not add much to Kurdistan economy rather transferring money in and out of Kurdistan.

Literature Review

Banks are essentially dissimilar from other industries. They are the hub of all the economy and business transaction. Without vital banking system, businesses can't perform well and the economy will be stagnant. Consequently a country will have less vibrant society. The issue of banking tied not only to business but also to political economy. Ensuring to minimize the risk within banking system it needs efficient underwriting system. Banks need to demonstrate their performances in action rather than only words so they can prove that they also belong to the society as well (Shakespeare, 2013). The concept of awareness has various definitions. Consumer's understanding of awareness is crucial in banking sector. The process of awareness comprises disseminating advertising, promotion and other marketing communication to familiarizing the consumers about products and services that a bank offers (Shimp, 1997). According to Walter (1998), the concept of awareness means to what degree a person is able to relate a product as an option to satisfying problem with limited knowledge or information about that product. According to Kotler (2004), the awareness is how the customers get the knowledge of products and services and to what degree their information can be considered sufficient. As technology advances and more people have instance access to the internet, the use of mobile would be considered the most effective channel in promoting products and services to customers (Pousttchi, 2006; Nysveen et.al. 2005; Norris, 2007). The survey study concluded that those who are familiar with the bank with place more confident in the bank than those who are not familiar. (Bank of Canada, 2010).

A study attempted to determine the awareness of Islamic E-banking among Small - Medium Enterprises in Malaysia. The study used three independent variables (Promotion, technology and service quality). The result revealed that promotion has slightly stronger relationship to awareness than the other two (Norudin Mansor, Anita Md. Shariff, Noor Rohaya Abdul Manap, 2012). It's really crude measure when dealing with the bank efficacy, the efficiency measure uses only the difference between deposit and lending rates. De Gregorio (1994) and Jeppelli and Pagano (1991) illustrated that commercial banks can influence real growth by elevating the saving rate. According to Graff and Krann (2006), when offering their products and service, banks should designate their resource sufficiently because their insufficient resources allocation could hamper other sector of the economy which could have potential economic development. According to Lucchetti et al (2001), the resources wasted during the intermediation process when systematic divergence from optimal cost due to a below average allocation of input factors (Hasan & el. at). A research conducted on British banking system by YouGov stated that more than 70% of respondents think the reputation of banking is bad, which is the highest figure in all industries that the research tested. It also reveals that only 17% of British think that those who work at the British banks tell the truth. High percentage believes that excessive bonuses and Labor scandal have damaged the British banking reputation ((Shakespeare, 2013). In 1960, the US banks were the only banks in the world that provided deposit insurance for its depositors. By now more than 100 countries introduced and adapted this policy (Alessandri and Haldane, 2009). The deposit insurance objective is to enhance financial stability by avoiding bank runs (Hoelscher et al., 2006). In other words, deposit insurance was to influence the behavior of depositors in case of bankruptcy. Diamond and Dybvig (1983) contested that banks run can be prevented if depositors are fully insured. According to central bank of Oman, deposit insurance is guaranty and protects the depositors again the losses of their fund in case if the bank failure, declare bankruptcy or run out of business. It is essential part of financial safety the each bank must provide. It a job of central bank of a country to ensure the safety, standard and regulation, and integrity of financial system. Deposit insurance is crucial layer to stabilize the banking system. It provides extra safety to depositors and safeguards the most vulnerable section of the society.

The financial sector is the most significant part of economic transformation. Banks hold approximately \$6 trillion in market capitalization and main fund suppliers and risk management experts. Therefore, banks play a crucial role in finding cost effective solution to capital-intensive projects like bringing greenhouse gas emission under control. Such projects need tremendous capital, technology and financial challenges. Noticeably, those banks have strong organizational structure in place to address climate change and have the capability to carry out action will be at an advantage (Douglas G. Cogan, 2008). The awareness of E-banking has slowly increased and becoming the important segment of banking industry. E-banking services are earning the attention of customers. E-banking becomes more popular in developed countries due to its convenience, reduce cost and save times. A study conducted on Pakistan's bank revealed that the volume of e-banking transaction reached 125.9 million and increase by 4% between first half of year of 2011 to the second half (Anwar Dar, 2010). As deregulation and decentralization increased, banking system are encountering excessive competition and further risk. In this case, efficient banks will have competitive advantages over others. Banking efficiency has also been claimed to be significant to sustain the stability of the financial market (Berger et al., 1993; Schaeck et al., 2006). A competitive banking environment may stimulate the efficiency, yet it may elevate the risk as well due to activities that forced to adopt new products or service to sustain their profitability and market share in the industry (Edward and Mishkin, 1995). Those activities worry the authority that competition may lead to unnecessary risk taking behavior. The financial crisis of 2007 is prime example of this excessive competition where the traditional banking model became "originate and distribute" banking model, which loans are pooled, trenched and then resold through securitization (Brunnermeier, 2009).

Liberalization of financial sector also opens up to foreign banks to enter to the local market. However, some regions or countries are purposely restricting foreign banks to operate in their particular country. For instance, Asian countries restricted the entry of foreign banks, while South Americans are more liberal in term foreign banks entry into their region. In addition, foreign banks in Asian countries are regulated more than local banks in commercial lending activities and far few branches. For example, in Indonesia, foreign banks are able to operate only in Jakarta region (Montgomery, 2003). In recent years efficiency of the banking system has drawn more attention. The efficiency of the banks in developing countries is comparing the domestic to foreign entrants. Those banks crossed international boundaries are believed to be more efficient. However, a few studies showed that foreign banks are less effective than the domestic ones in developed country. A study discovered (Claessens et al. 2000) that the reason foreign banks are less efficient than domestic ones in developed countries due to the profitability, overhead expenses and lower interest margins. The study revealed that the opposite is true in developing countries for the same reasons (KIYOTA1, 2009). Those banks draw most of their income from non-interest products are more likely have expanded beyond their boundaries. The more innovative the bank is the more likely seek for new way of profits; consequently, attract larger share of revenues from non-traditional activities. In this case, those banks bring numerous benefits to local population (Focarelli and Pozzolo, 2000). Sufficient banks will have more impact on the economic development and social development via enhanced earnings, increased amount of funds; excellent service quality and great pricing offered to its customers will elevate the strength of financial system and improve sustainability (Karray, 2013). Even though banks are getting bigger and wider especially in developed countries and larger banks have the capability to enhance the financial, material, human and technical resources, study shows that medium-sized banks seem operate more efficiently and more advantages in economy of scale. Berger and Mester (1997) showed that the efficacy on the cost side that larger banks are more effective; however, in term of profitability, small banks seemed to be more effective. As a result, when banks become larger, it's capability in controlling the cost increases, yet it will be harder to be able to create sustainable income and increase profit (Berger et al., 1987; Noulas et al., 1990; Mester, 1992; Clark, 1996). Even Indian banks (Srivastava, 1999) appeared to be following the same result when comparing the efficiency between large and mid-size banks. (Karray, 2013).

A research conducted in several Eastern European countries revealed that the privatization of banking system was an important part of financial reforms in those countries during the transition period of 1990s. Although there is some evidence that private banks outperform the state-owned banks, empirical evidence needed to confirm this hypothesis in those transitioned period. In a study (La Porta, Lopez-De-Silanes, and Shleifer, 2002) discovered that the performance of private banks is superior to the state-owned banks (Bonin, 2004). Another study conducted for over eight years in developing and developed countries for the period from 1988 to 1995 revealed that foreign banks outperformed domestic banks in developing country and the entrance of foreign banks had reduced the probability and overhead expenses of domestic banks (Claessens, Demirguc-Kunt and Huizinga, 2001). On the other hand, the entry of foreign banks into South American countries created competition and improved productivity in financial services, and encouraged the early privatization of state-owned banks. In other words, this study revealed that the ownership is matter where the state-owned banks were less sufficient than private ones. Therefore, the entry of foreign banks in to the region had productive and

valuable effect on banking sectors (Crystal, et. al., 2001). There are multiple researches (Hasan and Marton, 2003, Drakos, 2003, Fries and Taci, 2003) demonstrated that the entry of foreign banks will create efficiency in banking system and it will create a more competitive environment that compel the entire banking system to be more competent. Buch (2000) showed evidence approving the hypothesis that the entry of foreign banks had created a more competitive market in those transition economies, but after they gain adequate market share (Crystal, et. al., 2001). It is most true, they say, that we make money by the bank; more money than we could make by any other investment of the same capital. But the advantage is not confined to us. It extends to the borrowers as well as to the lenders. By the contrivance of bank-notes, we are enabled to lend twice, as much money as we otherwise could. It is the same to the country as an actual creation of capital; it is in fact, calling into activity a capital hitherto dormant. Where the circulation consists solely in banknotes, there is a net addition to the capital of the country, nearly or quite equal to the entire amount of those notes. Most studies gauging the efficacy of banking industry have depended on accounting measures such as profit, output and the cost and most of the studies concern with developed countries. Conversely, there are few studies regarding banks' efficiency in developing countries (Berg et al., 1993). A study showed regarding 94 Indian banks that banking industry has made progress in term of efficiency and increasing non-interest income and investments. The efficiency enhancement is significant in the case of investment in all banks, especially in the private banks. Consequently, the result matched with the objective of regulatory Agency of India, which was development economic growth and protecting the safety and soundness of the banking system. A number of papers investigated that restricting foreign bank entry result in limited competition and emphasize that contestability of the market defines sustainability and efficiency in banking industry. In the study by Demirguc-Kunt and Huizinga (2001) that the role of foreign banks and entry to the domestic market will improve the efficiency of domestic banks by reducing margins (Demirguc-Kunt and Huizinga (2001). In the study showed that the impact of bank concentration has a negative effect on the efficiency of banking industry except in developed countries (Laeven, et. al., 2004).

Research Problem and Objective

The positive relation between financial development and economic growth seems to have weakened in recent years. The Islamic banking is emerging industry not in the Muslim countries but also in Non Muslim countries of the world. The working of Islamic banking practice Islamic principles, which eliminate the element of uncertainty and exploitation, therefore its growth and performance is better than conventional banking system. The success and survival of conventional banking needs innovation and invention in its product and services. It would be difficult for a conventional bank to retain or increase the customers in a competitive market without improvement in product and services otherwise the growth become stagnant or fall in long run (Ahmed & Hasan, 2007). The Islamic banking systems developed on Islamic principles and its success depend on Islamic values not on innovations. The Islamic or interest free banking is facing challenges in a manner that how to implement the Islamic principles where world now become as global village. The Islamic banking is in its infant stage and face serious problems to practice Islamic laws as proper interbank money market is not available for regulatory framework for interest free banking. The major concern here is to understand the banks activities with the people of the country and knowing about the acceptability of banking operation in Kurdistan. To solve this problem the following objectives set are: To know the variables involved in the banking operation in Kurdistan and to know the people perception towards banking operation.

Research Methodology

The study is descriptive in nature and for the purpose of research both primary and secondary data collected. In the first phase secondary data collected through literature review about the concept. Based on the secondary data collected a self explained instrument created taking 18 items describing the banking operations measurement in public opinion. Out of the much unorganized population of Kurdish, Iraqis, Turkish, Syrians, Indians and many other nationalities, only Kurdish population has been taken in study. A sample of 255 respondents has been taken for the study and they all participated in the process of primary data collection. The primary data collected further analyzed using SPSS 20 version. The reliability testing performed and the Cronbach's Alpha value supported the acceptance of questionnaire as a measuring instrument. A frequency and percentage analysis is performed for all the variables including demographic. To check the acceptability for the variables T-Test is performed and further to know the variance in opinion of respondents One Way ANOVA is performed. The analysis is based on the output of SPSS 20 and outputs are presented in tables as research findings.

Research Findings and Results

For the assurance of the reliability of scale reliability analysis of SPSS 20 performed and the value is .725 on 18 items explained. So this questionnaire is accepted for the study as shown in the Table I below. Further the respondents analysis is performed shows that male respondents are more compared to female respondents, the

reason can be the society is considered to be a male-dominant and males are more exposed to society. When the age observed it is found most of the respondents are youth as the country is in the development stage not having aged population with education. The justice has been done with the marital status and both married and unmarried are almost equal in percentage. Monthly income is evenly distributed then also the first category explaining the salary below USD500 is mostly accepted. Educational level is again aligned with the age as youth and highest percentage of the respondents are from college. The next 18 variables are descriptively presented showing the movement of data with the opinion of respondents. All the above discussed analysis is presented in Table II below. For the purpose of checking the acceptability of variable the T-Test is performed on 18 variables taking the test value 3, where 4 variables are rejected having the significance value more than 0.05 shows respondent opinion is significantly varying on these 4 variables. Other 14 variables are getting accepted with value less than the 0.05 shows that respondent opinion is not significantly varying on 14 variables shown in Table III below. So it is good for the further study. For the purpose of further analysis of variance of respondents opinion on 18 variables One Way ANOVA test is performed taking 5 demographic variables as factor. There are 90 sets prepared and tested taking the significance value 0.05. Out of 90, the sets having the more than 0.05 are 38 shows respondent opinion is significantly varying on these 38 sets. Other 52 sets are getting accepted with value less than the 0.05 shows that respondent opinion is not significantly varying on 52 sets shown in Table IV below.

Table I

Reliability Statistics	
Cronbach's Alpha	N of Items
.725	18

Table II

Respondents Profile and Variables Description			
Parameters		Frequency	Percentage
Gender	Male	174	68.2
	Female	81	31.8
Age	18-30 years	177	69.4
	31-40 years	63	24.7
	41-50 years	9	3.5
	51-60 years	3	1.2
	61 years and more	3	1.2
Marital Status	Married	69	27.1
	Single	186	72.9
Monthly Income	0-500 USD	141	55.3
	501-1000 USD	75	29.4
	1001-1500 USD	15	5.9
	1501-2000 USD	12	4.7
	2001 and above	12	4.7
Education Level	Elementary	00	00.0
	High School	9	3.5
	College	240	94.1
	MS and Ph.D	6	2.4
Bank Awareness	Strongly Disagree	87	34.1
	Disagree	90	35.3
	Not Sure	48	18.8
	Agree	18	7.1
	Strongly Agree	12	4.7
Kurdistan Awareness	Strongly Disagree	81	31.8
	Disagree	54	21.2
	Not Sure	66	25.9
	Agree	54	21.2
	Strongly Agree	00	00.0
Aware of Bank Benefits	Strongly Disagree	57	22.4
	Disagree	42	16.5
	Not Sure	78	30.6

	Agree	75	29.4
	Strongly Agree	3	1.2
Banks Safest Place to Put Money	Strongly Disagree	60	23.5
	Disagree	39	15.3
	Not Sure	63	24.7
	Agree	66	25.9
	Strongly Agree	27	10.6
Depositing in The Banks to Make Profit	Strongly Disagree	51	20.0
	Disagree	48	18.8
	Not Sure	66	25.9
	Agree	66	25.9
	Strongly Agree	24	9.4
Advertisement Campaigns to Attract the Public	Strongly Disagree	63	24.7
	Disagree	48	18.8
	Not Sure	75	29.4
	Agree	51	20.0
	Strongly Agree	15	5.9
Trust On Banks In Kurdistan	Strongly Disagree	60	23.5
	Disagree	48	18.8
	Not Sure	63	24.7
	Agree	57	22.4
	Strongly Agree	27	10.6
Problem With Interest Rates	Strongly Disagree	78	30.6
	Disagree	75	29.4
	Not Sure	42	16.5
	Agree	30	11.8
	Strongly Agree	30	11.8
Accept Interest As Profit	Strongly Disagree	93	36.5
	Disagree	72	28.2
	Not Sure	51	20.0
	Agree	21	8.2
	Strongly Agree	18	7.1
Trust Public Banks in Kurdistan	Strongly Disagree	54	21.2
	Disagree	36	14.1
	Not Sure	66	25.9
	Agree	72	28.2
	Strongly Agree	27	10.6
Trust Private Banks in Kurdistan	Strongly Disagree	72	28.2
	Disagree	63	24.7
	Not Sure	84	32.9
	Agree	21	8.2
	Strongly Agree	15	5.9
Kurdistan Banks Need Assurance	Strongly Disagree	36	14.1
	Disagree	30	11.8
	Not Sure	78	30.6
	Agree	57	22.4
	Strongly Agree	54	21.2
Aware of The Loans Availability in the Banks of Kurdistan	Strongly Disagree	69	27.1
	Disagree	48	18.8
	Not Sure	120	47.1
	Agree	9	3.5
	Strongly Agree	9	3.5
Aware of the Services and Products in the Banks of Kurdistan	Strongly Disagree	63	24.7
	Disagree	42	16.5
	Not Sure	117	45.9
	Agree	24	9.4

	Strongly Agree	9	3.5
Use Online Banking to Access My Account	Strongly Disagree	57	22.4
	Disagree	45	17.6
	Not Sure	111	43.5
	Agree	27	10.6
	Strongly Agree	15	5.9
Increasing Depositors to Enhance Country Economy	Strongly Disagree	33	12.9
	Disagree	27	10.6
	Not Sure	63	24.7
	Agree	78	30.6
	Strongly Agree	54	21.2
Put My Money in the Bank	Strongly Disagree	66	25.9
	Disagree	54	21.2
	Not Sure	72	28.2
	Agree	36	14.1
	Strongly Agree	27	10.6
Suggest Others to Put Money in the Bank	Strongly Disagree	63	24.7
	Disagree	36	14.1
	Not Sure	57	22.4
	Agree	51	20.0
	Strongly Agree	48	18.8
	Total	255	100

Table III

One-Sample T-Test			
Test Value = 3			
Parameters	t	Sig. (2-tailed)	Result
Bank Awareness	-12.569	.000	Accepted
Kurdistan Bank Awareness	-8.913	.000	Accepted
Aware of Bank Benefits	-4.090	.000	Accepted
Banks Safest Place to Put Money	-1.841	.067	Rejected
Depositing in the Banks to Make Profit	-1.777	.077	Rejected
Advertisement Campaigns to Attract the Public	-4.782	.000	Accepted
Trust on Banks in Kurdistan	-2.711	.007	Accepted
Problem With Interest Rates	-6.568	.000	Accepted
Accept Interest As Profit	-10.310	.000	Accepted
Trust Public Banks in Kurdistan	-.866	.388	Rejected
Trust Private Banks in Kurdistan	-8.487	.000	Accepted
Kurdistan Banks Need Assurance	3.027	.003	Accepted
Aware of the Loans Availability in the Banks of Kurdistan	-9.660	.000	Accepted
Aware of The Services And Products In The Banks of Kurdistan	-7.362	.000	Accepted
Use Online Banking to Access My Account	-5.698	.000	Accepted
Increasing Depositors to Enhance Country Economy	4.534	.000	Accepted
Put My Money in The Bank	-4.643	.000	Accepted
Suggest Others to Put Money In The Bank	-.650	.516	Rejected

Table IV

One Way ANOVA				
Parameters	Factor	F Value	Sig.	Result
Bank Awareness	Gender	3.384	.035	Rejected
	Age	.508	.730	Rejected
	Marital Status	1.297	.256	Rejected
	Yearly Income	3.081	.017	Accepted
	Education	1.132	.324	Rejected
Kurdistan Bank Awareness	Gender	.504	.605	Rejected

	Age	4.003	.004	Accepted
	Marital Status	2.958	.087	Accepted
	Yearly Income	5.147	.001	Accepted
	Education	1.794	.168	Rejected
Aware of Bank Benefits	Gender	.573	.565	Rejected
	Age	1.577	.181	Rejected
	Marital Status	3.757	.054	Accepted
	Yearly Income	1.521	.196	Rejected
	Education	1.476	.230	Rejected
Banks Safest Place to Put Money	Gender	.769	.464	Rejected
	Age	2.114	.080	Accepted
	Marital Status	2.050	.153	Rejected
	Yearly Income	.428	.788	Rejected
	Education	.933	.395	Rejected
Depositing in the Banks to Make Profit	Gender	1.174	.311	Rejected
	Age	2.263	.063	Accepted
	Marital Status	6.830	.010	Accepted
	Yearly Income	4.498	.002	Accepted
	Education	9.642	.000	Accepted
Advertisement Campaigns to Attract the Public	Gender	.294	.745	Rejected
	Age	2.121	.079	Accepted
	Marital Status	11.213	.001	Accepted
	Yearly Income	5.771	.000	Accepted
	Education	2.135	.120	Rejected
Trust on Banks in Kurdistan	Gender	.103	.902	Rejected
	Age	3.261	.012	Accepted
	Marital Status	.843	.360	Rejected
	Yearly Income	1.435	.223	Rejected
	Education	.228	.796	Rejected
Problem With Interest Rates	Gender	.353	.703	Rejected
	Age	.504	.733	Rejected
	Marital Status	1.820	.178	Rejected
	Yearly Income	2.941	.021	Accepted
	Education	.658	.519	Rejected
Accept Interest As Profit	Gender	3.863	.022	Accepted
	Age	3.577	.007	Accepted
	Marital Status	2.867	.092	Rejected
	Yearly Income	2.067	.086	Accepted
	Education	2.000	.137	Rejected
Trust Public Banks in Kurdistan	Gender	2.944	.054	Accepted
	Age	.898	.466	Rejected
	Marital Status	.199	.656	Rejected
	Yearly Income	4.043	.003	Accepted
	Education	2.405	.092	Rejected
Trust Private Banks in Kurdistan	Gender	3.046	.049	Accepted
	Age	2.138	.077	Accepted
	Marital Status	.001	.979	Rejected
	Yearly Income	6.475	.000	Accepted
	Education	7.084	.001	Accepted
Kurdistan Banks Need Assurance	Gender	.655	.520	Rejected
	Age	2.695	.032	Accepted
	Marital Status	.565	.453	Rejected
	Yearly Income	1.225	.300	Rejected
	Education	1.908	.151	Rejected
Aware of the Loans Availability in the Banks of Kurdistan	Gender	10.575	.000	Accepted
	Age	.577	.679	Rejected

	Marital Status	1.191	.276	Rejected
	Yearly Income	1.732	.143	Rejected
	Education	2.961	.054	Accepted
Aware of the Services and Products in the Banks of Kurdistan	Gender	1.492	.227	Rejected
	Age	4.758	.001	Accepted
	Marital Status	.415	.520	Rejected
	Yearly Income	5.666	.000	Accepted
	Education	3.452	.033	Accepted
Use Online Banking to Access My Account	Gender	2.208	.112	Rejected
	Age	1.103	.356	Rejected
	Marital Status	2.063	.152	Rejected
	Yearly Income	2.789	.027	Accepted
	Education	.411	.664	Accepted
Increasing Depositors to Enhance Country Economy	Gender	1.609	.202	Rejected
	Age	2.792	.027	Accepted
	Marital Status	.016	.899	Rejected
	Yearly Income	1.371	.244	Rejected
	Education	.296	.744	Rejected
Put My Money in the Bank	Gender	9.305	.000	Accepted
	Age	2.887	.023	Accepted
	Marital Status	2.018	.157	Rejected
	Yearly Income	3.070	.017	Accepted
	Education	5.818	.003	Accepted
Suggest Others to Put Money in the Bank	Gender	.098	.907	Rejected
	Age	1.195	.314	Rejected
	Marital Status	.963	.327	Rejected
	Yearly Income	3.293	.012	Rejected
	Education	2.783	.064	Accepted

Conclusion

On the basis of above study and analysis, it can get concluded that the banking operation is backbone of any economy present days. The Islamic religious beliefs are the psychological boundary for the expansion of banking operation in Kurdistan. As the research is based to reach the objectives of to know the variables involved in the banking operation in Kurdistan and to know the people perception towards banking operation. The analysis of the data collected through the structured questionnaire reaching to all the objectives. The analysis further explains that the banking operation in Kurdistan is not very robust and can said that “the only way a bank would lend you money when you prove that you really don’t need it”, so people can put their money in the bank with safety. All together it is observed that there is a long way to go for banking operations in Kurdistan region, but need to get a powerful support from government and religious societies specially Islamic.

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