

# Public Confidence in Commercial Banks in the Kurdistan Region: The Impact of Trust, Institutional Culture, Security, and Government Role

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**Abstract**—This study examines the key determinants influencing public confidence in the banking sector of the Kurdistan Region. Using a quantitative descriptive survey involving 122 respondents, the research investigates four main factors: Fear of losing money, weak banking culture, security concerns, and political instability, while acknowledging the overarching role of government support and regulatory effectiveness. Regression analysis revealed that all four determinants negatively affect public confidence, with fear of losing money emerging as the most influential factor. The findings highlight that restoring confidence requires improving institutional performance, enhancing financial literacy, and stabilizing the political and security environment. The study provides a holistic framework suited to post-conflict regions and offers actionable recommendations for policymakers and banking institutions.

**Keywords**—Kurdistan Region, Political instability, Public confidence, Security concerns, Trust in banking.

## I. INTRODUCTION

In this regard, while public trust and financial sector stability, particularly public confidence in banking is crucial for all countries, the relationship between them in developing countries that also are in post-conflict or sensitive political areas, such as Kurdistan, Iraq, needs specifically more attention devoted to it due to its implications for economic development and social welfare (Agha et al., 2023). The role of banks in this study refers to their functions in providing financial services, safeguarding deposits, facilitating transactions, and supporting economic stability in the Kurdistan Region. This trust in its institutions has been previously shown to play a significant role in the public's inclination to engage with the formal economy and commercial banking (Khalaf and Hassan, 2020; Mohammed and Salih, 2019). Despite the acknowledged role of a sound banking sector in the economy of Kurdistan to grow and diversify, there seems to be some hesitancy among a large percentage of the population to completely employ formal banking services, often due to very deep-rooted socioeconomic and political reasons that undermined people's trust in the system (Ahmed and Rahman, 2021). The study believes that public trust in Kurdistan, Iraq, has a significant influence on public confidence in banking

among the various subvariables, which can be identified as factors playing a significant role: Fear of losing money, poor culture of banking, security concerns, and political instability. These are not interrelated but are all part of the larger trust deficit. An instance of it is the fear of losing money, which can be generated by past financial crises or by ineffective deposit insurance systems that produce a low, insecure bank deposit, reflected in a lack of confidence (Jassim and Ali, 2017). Conversely, a mismanaged banking culture, with unclear, bureaucratic, and inefficient services, feeds into public disenchantment and a retreat from the banking system (Rashid and Amin, 2019). Plus, and more generally, the constant insecurity due to intercountry wars or intra-country politics and protests has also created an overall chaotic environment, which discourages long-term investments or bank financing in general (Kamil and Bakir, 2018). Finally, political instability in the form of changes in government and policies creates uncertainty, which undermines the trusting relationship fundamental for a sound banking relationship (Sadiq and Murad, 2022).

The central problem addressed in this study is the persistent lack of public confidence in commercial banks in the Kurdistan Region, driven by fear of financial loss, weak banking culture, insecurity, and political instability. Despite efforts to reform the financial system, these factors continue

to limit financial inclusion and reduce trust in formal banking services (UN-Habitat, 2020; World Bank, 2021). This mistrust leads a large share of the population to choose informal financial tools such as cash transactions and piggy banks, which reduces the amount of liquidity that could be used by banks for investments and loans, which in turn limits economic dynamism and the region's participation in the global financial system (IMF, 2019).

From the above, the author proposed the following questions

What is the effect of fear of losing money on public confidence in banks?

How does a weak banking culture influence public confidence?

How do security concerns affect trust in the banking sector?

What is the effect of political instability on public confidence?

How do these factors collectively explain variations in public confidence?

The primary objective of this research is to empirically examine the multifaceted relationship between public trust (through its sub-variables) and public confidence in banking within Kurdistan, Iraq, thereby providing actionable insights for policymakers and banking institutions to devise targeted interventions aimed at bolstering financial inclusion and sector stability. This study seeks to address a critical gap in the existing literature by specifically dissecting the nuanced interplay of these identified independent variables within the unique sociopolitical context of Kurdistan, Iraq. The novelty of this research lies in its comprehensive integration of socioeconomic and political dimensions, such as fear of losing money, poor banking culture, security concerns, and political instability, as direct determinants of public confidence, moving beyond traditional economic indicators to offer a holistic understanding of the trust deficit in a region grappling with complex challenges. Finally, these findings provide a distinct contribution to scholarship on financial systems in the global South as well as useful information for developing a more resilient banking sector and public understanding of it in Kurdistan, Iraq, specifically.

The banks will play an important role in distributing money and social services that will be essential for rebuilding and developing. They will be essential because they are at the center of large pools of money. They permit greater volume and flexibility in financial transactions, as well as flexibility in addressing the need to be able to do business. However, the larger problem is how to recover citizens' trust in state institutions, such as the region's banks. A space that has been stifled by the continuance of political violence, whether that be through the broader conflict with ISIS, or in general, and the repercussions of public health crises, compounded by the COVID-19 pandemic, which weakened existing infrastructure in the area and built public distrust in the provisioning of any aid. The problem lies simply in determining how to make investors, entrepreneurs, and society in general trust regional banks and have the willingness to deposit their money in them.

This study seeks to build on the trust developed between the banks and the public through an extensive program of services and incentives through the government to bolster confidence in the services. It also seeks to strengthen the place that the banks have regionally and internationally by raising awareness of their importance and thus more effectively participating in the banking system by all concerned. In addition, government regulation and institutional support constitute an essential overarching factor influencing public confidence, as regulatory stability increases trust in financial institutions.

Second, the article discusses the modernization of banking processes, making them more efficient, pointing out the flaws to rectify them and improve confidence. Finally, attempts to understand the existing framework of the banking system were analyzed by specialists, exposing the situation of government support for the sector and the government's own investment in regional administrative development.

## II. LITERATURE REVIEW

### *A. Public Confidence in Banking*

Trust, specifically, was identified by Massoudi and Fatah (2024) as an important pillar of successful commercial banking in their development of the confidence in banking concept. They claim that trust enables sustained high-quality cooperation between banks and their clients. In the same vein, Fatah and Ertugan (2018), in their study *Factors Affecting Customers' Decision for Taking out Bank Loans: A Case of Sulaymaniyah City Commercial Banks*, enumerate service quality, loan policies, security, and customers' marital status as very important in affecting a customer's decision to take out a loan from a commercial bank. All of these are important predictors of the successful acquisition and retention of customers for banks.

### *B. Public Trust*

More specifically, in the context of financial institutions, it refers to the public society's confidence and trust in the soundness, efficiency, and trustworthiness of banks and bank regulation (Štrukelj et al., 2022). Moreover, that is the basis for a solid and workable banking system, whether people and businesses feel comfortable in depositing savings, applying for loans, or simply engaging in other business transactions (Nair and Nambisan, 2016). Plus, in unstable contexts afflicted by a past that has made public opinion sensitive, as in Kurdistan, Iraq, the significance of "trust" in this process becomes even further amplified. Informality based on overall lack of trust or confidence in the public sector can render any advanced financial reform largely useless, increasing the value of informal financing that is outside any kind of regulation and much less conducive to any type of development. Citizens lose trust when there is a high risk of losing their money, either due to an unstable economy and bad banking practices or due to an unclear and inefficient banking culture. Furthermore, an existing security concern as well as issues in the aura of political instability

generate a climate of uncertainty that breaks the trust in the long run that formal relations of banking (Agyemang-Badu and McSeplus, 2021). Therefore, understanding and trying to address the different forces that contribute to the loss, or on the contrary, the increase of public trust, becomes then not something merely theoretical but rather an important practical matter that has implications on financial inclusion and more generally on the strength of the banking system of Kurdistan.

*Fear of losing*

It is essential to build public trust, and where the economy is tenuous at best, like in Kurdistan, Iraq, this kind of action has a devastating effect on any trust the public can have in the banking sector. These fears may be experiences of past financial blowouts, lack of proper insurance, or just fear of lack of regulation, and as a consequence, people do not feel comfortable enough to put their savings into any regulated bank. These fears can be traced back to issues related to financial blowouts, insurance, or regulation (Obiora and Ozili, 2023). These fears directly manifest themselves in a reduced deposit base, but more importantly, reduced access to important banking services that ultimately result in lower financial inclusion and also lower economic development of the area (Allen et al., 2016). This specific one seems particularly relevant in challenging times in order to help bolster the public trust and thus financial security.

*Poor banking culture*

This lack of a good banking culture diminishes a lot of public confidence in the way that, if anything, people think banks are inefficient, opaque, and unresponsive (Lasardi and Mitchell, 2011). It was this cultural deficit reflected in bureaucratic processes, non-consumer-friendly services, or non-transparent businesses that turned the public disenchanted with and away from the central banking system (Anyangwe et al., 2022). If banks are not accessible, efficient, and trustworthy, then people lose interest in using banks regardless of the state of the economy. Ultimately, it is this cultural problem that is most relevant in re-establishing trust and confidence, and in getting more people into the formal banking system, as it establishes a public perception about what banking and financial interaction are and can be.

*Security concerns*

Security issues are a major concern that negatively affects the public trust and confidence in the banking sector, especially in highly geopolitical sensitive areas such as Kurdistan, Iraq. The ever-present risk of destabilization through either military means, social unrest, or other forms of forced insecurity creates an atmosphere of flux (Massoudi et al., 2025). Furthermore, discouraging individuals and businesses from entering long-term financial obligations and therefore becoming reliant upon these informal banking systems for holding capital and wealth (Okello and Ntayi, 2020). This insecurity makes financial institutions and the practice and transaction of financial operations in general unsafe and untrustworthy, encouraging a culture of cash and informal transactions. Moreover, these security weaknesses must be dealt with in order to attain security and stability,

and create and maintain public confidence in banking.

*Political concerns*

As the literature illustrates, political instability has a very negative effect on public trust and confidence in the banking sector, which is especially noticeable in places like Kurdistan, Iraq, where frequent instability and even regime changes are experienced. These types of concerns, inconsistent policymaking, governance issues, and perceptions of corruption, create an overall atmosphere of uncertainty and distrust regarding the nature and fairness of the economy in the longer term (Massoudi, 2023). In a precarious political context, public anxiety over asset expropriation, devaluation, or overnight policy changes is growing. This loss of political trust at the grassroots level directly translates to non-involvement in formal banking processes and again signals the dependence on and association between good government and a strong banking system that paratroopers in the public sphere.

*C. Theoretical Framework*

To strengthen the theoretical foundation of the study, Fig. 1 presents the conceptual framework that links the four independent variables, fear of losing money, poor banking culture, security concerns, and political instability, with the dependent variable, namely, public confidence in banking within the Kurdistan Region. The figure is not only a visual representation of the hypotheses but also a guide for understanding how different social, economic, and political conditions converge to shape citizens' attitudes toward the banking sector.

As illustrated in Fig. 1, each of the four determinants plays a distinct role in shaping public confidence. The fear of losing money indicates the precariousness of financial security in the absence of sound deposit protection mechanisms. The bad culture of banking indicates an inefficient, customer-unfriendly, and opaque institution, which discourages long-term engagement with banks. Security concerns emphasize the impact of instability and conflict on individuals' perceptions of safety in financial transactions. Finally, political instability captures the uncertainty associated with governance and policy shifts, which undermines public trust in institutional continuity. Collectively, these factors highlight that confidence in banking is not determined by financial variables alone but is deeply rooted in broader sociopolitical realities. This framework, therefore, provides a comprehensive basis

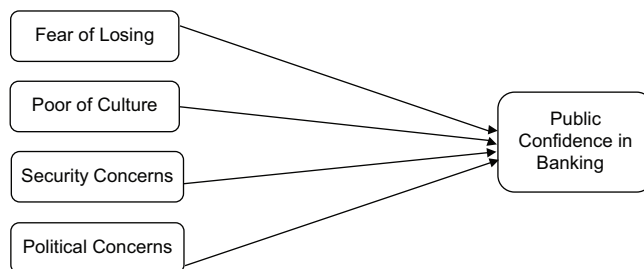


Fig. 1: Conceptual framework.

for the development of the study's hypotheses and for the subsequent empirical analysis.

#### *D. Hypothesis Development*

##### *Fear of losing and public confidence*

Previous research has largely demonstrated that the fear of losing money has a strong correlational link to public faith in the banking industry. The findings of Lyons and Kass-Hanna, 2021 also concluded that low levels of financial literacy and economic insecurity caused more anxiety among the public regarding the security of their deposits, which was also linked to decreased trust and usage of banks' facilities. Similarly, regarding the impact of economic shocks, Shahbaz Keshvari et al. (2020) found that periods of high inflation and currency devaluation significantly contributed to depositors' fears of not being able to recover their deposits. This cost the banks public confidence in return and movement to non-bank savings (Jameel et al., 2022). Such results are in line with what we would expect to see, that is, an inverse correlation between fear of losing money and trust in banks within the Kurdistan Region.

H<sub>1</sub>: There is a significant relationship between the fear of losing money and public confidence in the banking sector in the Kurdistan Region.

##### *Poor cultural and public confidence*

It has been scientifically proven that there is a strong connection between a bad culture in the banks and low public trust (Sarpong and Mensah, 2019). When banks fail to bring about transparency, ethics, and a focus on the customer, trust in the public is shattered. Specifically, they explain that "there were media exposes where customers received misleading or contradictory information...there was no transparency or education of customers in the banking products industry... people did not know what they were getting in to" which all eroded public trust in the banking industry. Similarly, Mohammed's (2018) study of financial systems in the Global South highlighted that, "weak institutional cultures – characterized by poor governance, accountability deficits – directly cause public apathy and predisposition towards informal financial services." These findings would validate the association between low banking culture and low public confidence in banking in KRST.

H<sub>2</sub>: A poor culture of banking is significantly associated with lower public confidence in the banking sector in the Kurdistan Region.

##### *Security concerns and public confidence*

Security circumstances and purported threats have shaken public confidence and trust in the banking sector of the Kurdistan Region's capital. Regional banks, as Aziz (2023) points out, do not handle operational risks, whether financial, non-financial, or cybersecurity, or operational protocols in an efficient manner, and as a result, they pose a risk to the viability and credibility of regional banks. In the same way, Khalid (2021) finds that broader security concerns inevitably find their way into public perceptions of banking systems, and mechanisms that disrupt the business environment result in disaffection and lack of trust in these systems. In addition,

cybersecurity applications are lacking in the Kurdistan Region (Zaidan and Massoudi, 2025). According to this evidence, the following hypothesis is advanced:

H<sub>3</sub>: Increased security concerns within the banking sector are significantly related to decreased public confidence in the banking sector in the Kurdistan Region.

##### *Political concerns and public confidence*

These include, among others, financial markets conditioned by a political instability that discredits the population's trust in banks (Zubair, 2019). If governments are plagued by problems of continuity in policies, in the institutional framework, or in the regulatory regime, banks might be seen as vulnerable to external shocks. Furthermore, there is no bank among the economic dealings in the Kurdistan Region that is not sensitive or impacted by the political shifts in a way that undermines customers' confidence in the banking system, as well as discouraging them from making long-term financial decisions (Aziz, 2023). In the same manner, at the regional level, it is found that instability creates less trust in institutions and, hence, less willingness to rely on banking services (Sbey Research, 2025). Therefore, the following hypothesis is put forward:

H<sub>4</sub>: Political instability in the Kurdistan Region has a significantly negative impact on public confidence in the Banking sector.

### III. METHODOLOGY

#### *A. Research Design*

This study used a descriptive survey design to explore public confidence in banking. Data were collected using structured questionnaires. This study focuses specifically on commercial banks operating in the Kurdistan Region, including public and private banks such as RT Bank, Rashid Bank, and Rafidain Bank. According to Younus and Zaidan (2022), quantitative research methods offer a robust framework for examining complex relationships in fields such as business and information technology. The design enabled analysis of key factors like culture, security, and political stability.

#### *B. Population and Sampling*

The sample consisted of respondents from diverse demographic backgrounds in the Kurdistan Region. A total of 150 questionnaires were distributed across the selected banks. Of these, 130 questionnaires were returned, and 122 were deemed valid and suitable for statistical analysis, after excluding incomplete or improperly filled responses. A convenience sampling method was employed to ensure accessibility and efficiency, and the final sample provided meaningful insights into public perceptions of banking in the region.

#### *C. Ethical Consideration*

Participation was voluntary, with informed consent obtained from all respondents. Confidentiality and anonymity

were maintained throughout the study. Ethical guidelines of the academic institution were fully respected.

IV. RESULTS

A. Demographic Questions

The practical side of this paragraph is the completion of a questionnaire design and distribution to employees at RT Bank, Rashid Bank, and Rafidain Bank. Data were then processed by way of the Statistical Package for the Social Sciences – version 27.

The demographic characteristics of the study sample are presented in Table I. The results show that 58.2% of the respondents were male, while 41.8% were female. Regarding financial state, most respondents reported either an average (45.1%) or good (45.9%) financial condition, with a smaller proportion (9.0%) indicating a very good financial state. In terms of educational qualifications, the largest group of respondents (44.3%) held a secondary school certificate, followed by 23.0% with a bachelor’s degree. A smaller percentage held primary school qualifications (18.0%), master’s degrees (4.1%), and Ph.D. degrees (10.7%). As for age distribution, the largest proportion of participants (45.1%) was within the 31–50 years age group. This was followed by 32.0% aged 18–30 years, and 22.9% aged 51 years and above.

Table II shows that for each response option (“Yes,” “No,” “Sometimes,” and “To some extent”) per item (X1–X16). Computed the percentages accordingly and presented them neatly. Percentages are calculated relative to the total number of respondents for each item. The highest positive agreement for any item is on X16 (Yes = 42.6%), whereas the highest “No” response is for X6 (37.7%). Most responses for most items fall under the “Yes” category, which is visually represented by the higher blue bars compared to other response categories. This indicates a generally positive tendency among respondents toward the survey statements. However, there are notable exceptions in the cases of Q9, Q10, and Q13, where the “No” responses (represented by the orange bars) exceed the other categories. This suggests that, for these reasons, respondents were more likely to disagree or respond negatively, contrasting with the overall positive trend observed in the other variables.

B. Test of Hypothesis

Main hypothesis ( $H_1$ )

This hypothesis tests the combined relationship and effect of the four independent variables, fear of losing money, weak banking culture, security concerns, and political instability, on public confidence in banks. Table I presents the results of the multiple correlation and regression analysis for the main hypothesis.

- Statistical analysis: As shown in Table III, the model demonstrates a strong combined correlation ( $R = 0.73$ ), with significance at the 0.01 level, indicating that the independent variables jointly explain over half of the variation in confidence.

- Financial analysis: This finding implies that lack of confidence is multifactorial, reducing deposits and limiting banks’ lending capacity, which negatively affects overall economic activity.

Subhypothesis ( $H_{1d}$ )

This hypothesis assumes that fear of losing money negatively affects public confidence in banks. Table II shows a strong negative correlation and a significant regression

TABLE I  
PERSONAL INFORMATION OF THE RESPONDENTS

Personal information	Classification	Count	Percentage
Gender	Male	71	58.2
	Female	51	41.8
Financial state	Average	55	45.1
	Good	56	45.9
	Very good	11	9.0
Scientific qualification	Primary	22	18.0
	Secondary	54	44.3
	Bachelor	28	23.0
	Master	5	4.1
	Ph.D.	13	10.7
Age	18–30	39	32.0
	31–50	55	45.1
	51 and above	28	22.9
	Total	122	100

TABLE II  
DISTRIBUTION OF RESPONSES TO STUDY VARIABLES

Item	Yes		No		Sometimes		To some extent	
	No.	Percentage	No.	Percentage	No.	Percentage	No.	Percentage
X1	47	38.5	37	30.3	30	24.6	8	6.6
X2	40	32.8	28	23.0	30	24.6	24	19.7
X3	48	39.3	28	23.0	19	15.6	27	22.1
X4	40	32.8	38	31.1	22	18.0	22	18.0
X5	33	27.0	41	33.6	21	17.2	27	22.1
X6	32	26.2	46	37.7	29	23.8	15	12.3
X7	38	31.1	32	26.2	18	14.8	34	27.9
X8	45	36.9	25	20.5	25	20.5	27	22.1
X9	33	27.0	39	32.0	35	28.7	15	12.3
X10	36	29.5	32	26.2	32	26.2	22	18.0
X11	46	37.7	27	22.1	27	22.1	22	18.0
X12	45	36.9	28	23.0	27	22.1	22	18.0
X13	49	40.2	28	23.0	24	19.7	21	17.2
X14	45	36.9	40	32.8	22	18.0	15	12.3
X15	35	28.7	24	19.7	36	29.5	27	22.1
X16	52	42.6	18	14.8	27	22.1	25	20.5

TABLE III  
MULTIPLE CORRELATION AND REGRESSION RESULTS FOR THE MAIN HYPOTHESIS

Overall relationship and effect	Value	Interpretation
Multiple correlation	0.73	Strong joint relationship between independent variables and confidence in banks.
Coefficient of determination	0.53	The model explains 53% of the variation in banking confidence.
F-test	27.6	The model is statistically significant.
Significance	0.000	Significant at the 0.01 level.

TABLE IV  
CORRELATION AND REGRESSION RESULTS FOR SUB-HYPOTHESIS H1A  
(FEAR OF LOSING MONEY)

Measure	Value
Correlation (r)	-0.62**
Regression coefficient (beta)	-0.38
t-value	-5.12
Significance	0.000

effect.

- Statistical analysis: Table IV demonstrates a strong negative correlation between fear of losing money and public confidence in banks, supported by a statistically significant regression coefficient. This relationship indicates that as concerns about potential financial loss increase, individuals become markedly less willing to trust or interact with formal banking institutions. Such a pattern is expected in contexts where past financial instability, weak deposit protection mechanisms, or inconsistent regulatory oversight have shaped public perceptions of risk. The significance level confirms that this effect is not random but reflects a consistent behavioral response among respondents, emphasizing that fear of losing money is a primary driver of reduced confidence in the banking sector.
- Financial analysis: Fear of losing money is the most influential factor; without deposit protection, confidence cannot improve.

#### Subhypothesis ( $H_{1b}$ )

This hypothesis posits that a weak banking culture has a negative impact on public confidence in banks. Table V indicates a moderate negative correlation and a significant regression effect.

- Statistical analysis: Table V indicates a moderate negative correlation and a significant regression effect.
- Financial analysis: Weak transparency and poor customer orientation reduce trust in banking services.

#### Subhypothesis ( $H_{1c}$ )

This hypothesis assumes that security concerns negatively affect public confidence in banks. Table IV displays a moderate negative correlation, accompanied by a weaker but significant regression effect.

- Statistical analysis: Table VI shows a moderate negative correlation with a weaker but significant regression effect.
- Financial analysis: Concerns about fraud or theft reduce willingness to engage with banks.

#### Subhypothesis ( $H_{1d}$ )

This hypothesis posits that political instability hurts public confidence in banks. Table V highlights a moderate negative correlation and a significant regression effect.

- Statistical analysis: Table VII highlights a moderate negative correlation and a significant regression effect.
- Financial analysis: Unstable policies and governance weaken trust in banks.

TABLE V  
CORRELATION AND REGRESSION RESULTS FOR SUB-HYPOTHESIS H1B  
(WEAK BANKING CULTURE)

Measure	Value
Correlation (r)	-0.55**
Regression coefficient (beta)	-0.29
t-value	-4.01
Significance	0.001

TABLE VI  
CORRELATION AND REGRESSION RESULTS FOR SUB-HYPOTHESIS H1C  
(SECURITY CONCERNS)

Measure	Value
Correlation (r)	-0.48**
Regression coefficient (beta)	-0.21
t-value	-3.05
Significance	0.003

TABLE VII  
CORRELATION AND REGRESSION RESULTS FOR SUB-HYPOTHESIS H1D  
(POLITICAL INSTABILITY)

Measure	Value
Correlation (r)	-0.51**
Regression coefficient (beta)	-0.25
t-value	-3.44
Significance	0.001

## V. DISCUSSION

The results of this study ultimately show that various associated socioeconomic and political factors play an influential role in forming public confidence in the banking system in the Kurdistan Region. The regression analysis supports that fear of losing money, weak banking culture, security concerns, and political instability all negatively influence the willingness of citizens to engage with banks. Of these, the fear of losing money was the strongest, which points to the lack of effective mechanisms for the protection of deposits and financial insecurity overall. This is consistent with previous research that has highlighted the importance of the financial security aspect in the formation of trust in banking systems.

The findings also show that a weak banking culture, in terms of lack of transparency, poor customer service, and bureaucratic procedures, significantly leads to less confidence. The above finding reaffirms the importance of institutional efficiency and service quality as key drivers in enhancing public perceptions of banks. Also, perceptions of security issues, either in the form of fraud, theft, or regional insecurity, also hurt confidence. This also demonstrates that perceptions of safety extend further into physical and digital security than into financial security.

Finally, it was found that banking confidence is also highly affected by political instability. In addition to constant changes in policy and problems with governance, lack of clarity regarding the permanence of institutions further dissuades people from making long-term financial investments. Cumulatively, these findings point to restoration

of public trust as a complex process requiring simultaneous attention to the financial, institutional, security, and political aspects of trust. These findings corroborate the findings internationally in developing and post-conflict contexts that combine the understanding of the role of banking confidence not just in economic terms but as deeply rooted in the larger sociopolitical context.

## VI. CONCLUSION

The study's findings underscore the significant negative impact of several factors on public confidence in commercial banks in the Kurdistan Region. The fear of losing money emerges as the most influential factor, highlighting the need for stronger financial protection mechanisms like a robust deposit insurance system. In addition, a weak banking culture, characterized by limited transparency, bureaucratic procedures, and poor customer service, contributes to low trust in banks. To address this, improving financial literacy is crucial to help the public better understand banking services and alleviate misconceptions. Security concerns also play a major role in diminishing trust, suggesting the need for improved physical, financial, and cybersecurity measures. Moreover, political instability further erodes confidence due to inconsistent policies and governance, making it difficult for people to rely on formal financial institutions. Ultimately, restoring trust will require coordinated efforts to enhance institutional efficiency, strengthen regulatory frameworks, and ensure consistent political leadership.

### A. Recommendations

The findings of this study indicate the need for a holistic and multi-dimensional approach to strengthening public trust in the banking sector of the Kurdistan Region. The key recommendations are as follows: Enhance financial education by providing targeted financial literacy programs, especially for less educated groups and individuals unfamiliar with banking. Furthermore, it focuses on simplifying complex financial concepts and explaining the benefits of savings accounts, electronic banking, and digital transactions. Improve transparency in banking services by ensuring clear disclosure of fees, interest rates, loan terms, and all service conditions. Furthermore, strengthening customer service systems to respond effectively to complaints and inquiries, in addition to promoting greater transparency and accountability, to reduce public fears about financial insecurity and debt. In addition, strengthen political and security stability by recognizing that political and security conditions, although outside the control of banks, play a major role in shaping trust. Furthermore, by encouraging cooperation between government institutions and the banking sector to improve regulatory stability and security, and working closely with local governments to reduce public fears of fraud, theft, or institutional collapse. Finally, promoting reliable and inclusive banking systems by launching public awareness campaigns highlighting the importance of a stable and inclusive banking sector for economic growth. In addition to reducing reliance on informal

financing by building confidence in formal institutions.

### B. Limitations

There are several limitations in this research that must be addressed. First, the use of convenience sampling may have introduced selection bias, as the sample size of 122 people from the RT Bank, Rashid Bank, and Rafidain Bank may not be totally representative of the entire population of the Kurdistan Region. This may restrict the extent to which the findings are generalizable to the wider public. Second, because this is a cross-sectional descriptive survey design from a purposive sample, causality between public perceptions and background attributes cannot be ascertained. Although there is a strong correlation between demographic characteristics and survey responses, one should be cautious in deducing that demographics are, in fact, the cause of the observed attitudes. Future research could draw on the longevity of the study or combine quantitative surveys with qualitative interviews to uncover the rationales of public phobia and mistrust. Finally, the individual factors influencing public confidence were limited to a set of sample demographic variables and questions.

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