

# The Role of AI in Reducing Credit Risk in Iraqi Banking Sector

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## Abstract

The Iraqi banking sector, like many others in emerging markets, struggles to manage credit risk, which has a negative impact on both economic growth and financial stability. The use of artificial intelligence technology has lately gained popularity as a viable method for detecting and avoiding these dangers. This study looks into how these technologies might assist lower credit risk in the Iraqi banking system. These technologies rely on artificial intelligence, including machine learning, data analytics, and predictive modeling. This study looks at how artificial intelligence may improve loan default forecasts, accelerate decision-making processes, and improve credit risk assessment by studying how these technologies are applied. This study also looks at how AI might improve loan default prediction, decision-making speed, and credit risk assessment by analyzing how these technologies are employed. The article investigates the major benefits of AI, such as increased accuracy, lower operational costs, and more effective risk management, by thoroughly examining existing research, case studies, and industry practices. The problems that Iraqi banks face when applying AI are also explored, such as data quality issues, infrastructural restrictions, and regulatory considerations. The study suggests that, while AI dramatically decreases credit risk in the Iraqi banking industry, it must be carefully planned and implemented to realize its full potential. The report makes recommendations to financial organizations and politicians on how to use artificial intelligence to improve credit risk management in Iraq.

**Keywords:** Artificial Intelligence, Credit Risk, Iraqi Banking Sector, Machine Learning, Risk Management

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