

The Role Of International Financial Reporting Standards (IFRS) In Enhancing The Quality Of Financial Reporting Applied Research In a Sample Of Iraqi Banks Listed On The Iraq Stock Exchange

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Abstract .The aim of the research is to show the importance of applying IFRS standards at the international and local levels in Iraqi banks and its reflection. This research used statistical methods and indicators, as the data were collected through the distribution of questionnaires to a sample of international development banks, and Gulf commercial banks, to accountants and auditors working in Iraq, where they were distributed to (226) participants and analyzed using SPSS v 26 and Amos v 26, as well as a study comparing the impact of the application of IFRS-9 before and after by analyzing the financial statements of the above banks. The research included the study of several topics, including an overview of IFRS standards and the quality of financial reports, the definition of international financial reporting standards, the objectives of financial reports prepared for public use, the importance of IFRS, the quality of financial reports, the factors affecting the quality of financial reports, the importance of IFRS standards, the factors affecting the quality of financial reports, the challenges faced by banks in preparing financial reports, the application of IFRS standards, the impact on the performance of banks, the application of IFRS standards, the fair presentation of the financial position, the application of IFRS standards and the presentation of cash flows to banks, and the reality of adopting IFRS standards in Iraqi banks. The research concluded that the presence of interest of Iraqi banks in the application of financial reporting standards in order to enhance the quality of financial reporting, that the level of impact of International Financial Reporting Standards (IFRS) in enhancing the qualitative characteristics of accounting information among Iraqi banks (the research sample), all of which increased the application of IFRS, reflected positively on the qualitative characteristics of accounting information. The research contributes to financial institutions such as banks and banks as a means of providing external users, investors and at all levels with the financial data and information necessary to make rational and correct decisions after the application of IFRS standards.

Keywords: International Financial Reporting Standards, (IFRS), Enhancing the quality of financial reporting, Quality of IFRS Financial Reporting

1. Introduction

Financial reporting is crucial for building investor and stakeholder confidence in companies and financial institutions. IFRS standards are adopted worldwide to ensure a unified level of disclosure and high-quality financial reporting. These standards aim to enhance comparability and transparency of financial information. Adopting IFRS standards in financial statements provides useful information on banks' financial position, high performance, and cash flows, aiding in economic decision-making and enhancing the quality of financial reports.

The research highlights a lack of adoption of International Financial Reporting Standards (IFRS) in Iraqi banks, which aim to provide high-quality, transparent, and comparable accounting information in financial statements and reports. The study questions the importance of adopting IFRS standards at international and local levels and whether their application enhances the quality of financial reports.

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Previous studies have shown that International Financial Reporting Standards (IFRS) improve financial reporting quality and attract investments. This research uses a deductive approach to study IFRS's application and an inductive approach to analyze data from selected banks. The study compares IFRS-based financial results with local standards to highlight improvements in financial reporting.

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2. Research methodology

2-1. Research Problem

The problem of research is that there is a deficiency in the adoption of IFRS standards, which aims to provide high-quality, transparent and comparable accounting information in financial statements and other financial reports, free from misrepresentation and misleading, and their preparation affects the quality of financial reports, which is reflected in the decision of users of those reports. The problem can be formulated through the following questions:

2-1-1. Why is it important to adopt IFRS at the international and local level?

2-1-2. Does the application of IFRS standards in Iraqi banks enhance the quality of their financial reports?

2-2. Research Objective

The research aims to show the importance of applying IFRS standards at the international and local levels in Iraqi banks and its reflection in enhancing the quality of financial reporting as a result of applying a sample of the above standards.

2-3. Research importance

The research emphasizes the significance of IFRS standards in financial statement preparation, providing crucial information on banks' financial position, high performance, and cash flows. This information aids in economic decision-making and demonstrates the management of resources, thus enhancing the quality of financial reports.

2-4. Research Hypotheses

2-4-1. "There is a significant relationship" between the application of IFRS and the enhancement of the qualitative characteristics of accounting information.

2-4-2. "There is a significant relationship" between the application of IFRS and the enhancement of the quality of financial reporting.

2-4-3. there is a significant impact relationship for the application of International Financial Reporting Standards (IFRS) in enhancing the qualitative characteristics of accounting information.

2-4-4. There is a significant impact relationship to the application of International Financial Reporting Standards (IFRS) in enhancing the quality of financial reporting.

2-5. Research methodology, research in the theoretical aspect adopted the deductive approach and in the practical aspect, the inductive approach.

2-6. Research limitations

2-6-1. Time limitation: year 2023

2-6-2. Geographical limitation: Iraq

2-7. Community and the research sample: The research community represents the banking sector and the sample community is the international development banker, and Gulf commercial bank, as well as their accountants and auditors

2-8. Data collection methods

The research in the theoretical aspect relied on books and researches collected from Arab and foreign sources, as well as thesis related to the research topic and what is published on the International Information Network (Internet). As for the practical aspect through the research tools, the questionnaire was distributed to (226) participants through a statistical analysis by the SPSS v 26 and Amos v 26 program, as well as the analysis of the financial statements of the above banks

3. An overview of IFRS standards and financial reporting quality

Economic changes in companies necessitated the existence of international accounting standards (IAS), also known as financial reporting standards or IFRS. The International

Accounting Standards Committee (IASC) and International Accounting Standards Board (IASB) issued various standards to address specific accounting fields. (Judy, 2012)

3-1. Definition of international Financial Reporting Standards (IFRS)

- It is a set of general rules issued by a specialized committee and body determining accounting policies and treatments for financial transactions and events, aiming to provide reliable, objective, and comparative information. (Fadhala & Saad, 2023) Issued by the International Accounting Standards Board (IASB) and includes the following: (IFRS.2019:10)
- International Financial Reporting Standards (IFRS)¹.
- International Accounting Standards (IAS)².
- Interpretations of the International Financial Reporting Standards Interpretations Committee (IFRSIC)³.
- Previous SIC Interpretations.⁴.

These standards are applied to the financial statements (statement of financial position at the beginning of the period, statement of profit and loss, statement of changes in equity, statement of cash flows, notes, comparative information relating to the previous period, and statement of financial position at the end of the period). (IFRS.2019:13)

3-2. Objectives of financial reporting for general use

Multiple-use categories use accounting information for economic decision-making. Financial statements are prepared and presented by a conceptual framework, identifying current investors, global financial market users, and other financial information users. (Dawood & Wahhab, 2023)

3-2-1. Suppliers and Trade Creditors: Adopting IFRS standards leads to improved comparison, estimating whether a company will be able to repay debts....etc. (Fadhala & Saad, 2023)

3-2-2. Customers and lenders: The IFRS enables analysts to give more accurate and less distracting earnings forecasts which in turn will improve the accuracy of analysts' forecasts..(Abbas & Mamouri, 2023)

International Financial Reporting Standards (IFRS) ¹
"International Accounting Standards" ²

international Financial Reporting Standards Interpretations Committee ³
Committee for Interpretations of the International Standing Interpretations Committee (SIC) ⁴

3-2-3. Audience: Improving the quality of general-purpose financial reporting.(Fadhala & Saad, 2023)

The goal is to continuously improve the accounting profession and promote ethical practice in professional organizations.

3-3. Importance of IFRS standards

3-3-1. Standards are of great importance to many different parties, due to the following factors:

3-3-2. Standardization of financial reporting standards enhances transparency, reliability, and comparison between companies and countries, facilitating the process of making financial decisions. (Jaid Al-Amiri, 2010)

3-3-3. Increasing confidence in the financial markets, allows companies to enter the global and Arab markets, as these standards allow the possibility of trading in global markets based on unified financial reports.(Taheer & Alani, 2022)

3-3-4. Comply with legal requirements, improve, harmonize and standardize accounting systems, procedures and rules when preparing financial reports.(Al-Mashhadani & Helio, 2023)

3-3-5. To facilitate international disclosure, local and international financiers rely on reading and reviewing the financial statements, to grant loans adequately to the financial statements, which must be prepared in accordance with unified international accounting standards.(Judy, 2012)

3-3-6. Improves the quality of accounting information.(Al-Mashhadani & Helio, 2023)

The decision to adopt IFRS will be based on the fact that developing countries are generally unable to allocate the necessary financial and technical resources to develop high-quality domestic accounting standards. (Chinonye & Onuora, 2023)

3-4. Quality of financial reports

Financial reports are of high quality, ensuring accuracy, transparency, and objectivity, thereby promoting rational decision-making, increased investments, and reduced costs in line with international accounting standards. (Khedr & Alnama, 2022)

Financial reports' quality is primarily determined by the credibility of objectives and the quality of company information, with qualitative characteristics enhancing their usefulness of these reports. (Adetayo et al., 2023) ‘

By studying accounting systems to come up with accounting systems that are more suited to needs (Jaid Al-Amiri, 2010)‘ the results of the studies indicate that IFRS has positively affected the quality of financial reporting in several ways:

(Agarwal, 2017)

3-4-1. IFRS enhances transparency by providing clearer guidance and disclosure requirements, resulting in improved information for users of financial statements.

3-4-2. The principled nature of IFRS allows for greater reporting flexibility enabling companies to provide a more accurate reflection of their financial position and performance

3-4-3. IFRSs enhance the comparability of financial statements, as adopting a global standard enables better measurement and analysis across companies and jurisdictions.

In our opinion, the quality of financial reporting when pressures do not take into account stakeholders in disclosing material information that properly reflects Qari's opinion of those statements.

3-5.Factors Affecting the Quality of Financial Reporting

There are many factors that can affect the quality of financial reporting, including:

3-5-1. The XBRL application facilitates data collection, processing, exchange, and comparison of financial reports, enhancing disclosure quality and transparency.

(Masoudi & Aliwi, 2021)

3-5-2. The independence of the audit committees is one of the features that improve their effectiveness and limit the management of profits, which reflects positively on the quality of financial reports.(Abdul Aziz, 2023)

3-5-3. Institutional factors, such as a strong internal control system in companies.(Taher & Alani, 2022)

3-5-4. Apply the principles of good corporate governance. (Taher & Alani, 2022)

3-5-5. Accounting factors, accounting principles and standards contain multiple accounting policies for a single subject, which leads to different accounting treatments, this makes it difficult to interpret financial reports in certain cases. (Mahmoud & Abdul Latif, 2022)

3-5-6. Technical factors are changing or improving the existing IT system to be compliant with IFRS.(Chude & CHUDE, 2023)

3-5-7. Technical challenges the need to involve specialists due to difficult standards, shortage of technically competent staff. (Chude & CHUDE, 2023)

3-5-8. The huge cost of training staff on IFRS matters.(Chude & CHUDE, 2023)

3-5-9. The high cost of implementing IFRS (Chude & CHUDE, 2023)

3-5-10. Public resistance to change.(Chude & CHUDE, 2023)

We see that effective management of these factors can enhance the quality and reliability of financial reporting, thereby boosting investor confidence in the company's financial performance.

3-6. Challenges faced by banks in financial reporting

Iraqi banks face many challenges in adopting international financial reporting standards, the most important of which are:

3-6-1. It is not possible to imagine the benefits of implementing standards without imagining that companies applying these standards bear many different types of costs.(Mostafa & Abdulhafedh, 2022)

3-6-2. The time required for accountants working in companies obliged to apply IFRS standards to study and understand them and the details of the measurement and disclosure methods they include. (Mostafa & Abdulhafedh, 2022)

3-6-3. Iraqi banks face deficiencies in international accounting and financial variables, and their inability to apply modern banking services negatively impacts the credibility of the information provided to their users.(Shamkhi, 2023)

3-6-4. The implementation of IFRS, particularly in accounting software and information systems, is hindered by a lack of necessary infrastructure and technology.(Al-Mashhadani & Helio, 2023)

One of the challenges we see is the failure of professional organizations to create the professional environment necessary to apply the standards with the presence of binding legal legislation.

3-7. Application of IFRS standards and impact on banks' performance

Banks are preparing to comply with IFRS, enhancing their financial management by ensuring transparency and detail in their reporting, with voluntarily prepared entities exempt from national accounting standards.(Ergasheva Shakhlo Turgunovna, 2023)

IFRS standards are crucial for banks to maintain accurate financial statements, as failure to adhere could result in negative consequences for their reputation and financial performance. Inaccurate financial statements can lead to losses and risks, affecting overall financial performance.

3-8. Fair presentation of Applying IFRS standards of the financial position

IFRS-1 ensures accurate financial statements for companies, adhering to standards for assets, liabilities, income, and expenses, by providing necessary disclosures and meeting IFRS requirements. (Abu Nassar & Hamidat, 2020)

Profit management practices manipulate profits and mislead users of financial statements to create a positive image of the economic unit. This is not useful to users and opportunistic. Management intentionally interferes in the preparation and presentation of financial reports using unethical techniques, whether legal or illegal. (Abbas & Mamouri, 2023)

The alignment of corporate reporting with IFRS standards enhances investors' understanding of a company's financial position, enabling informed investment decisions. This application strengthens financial market confidence, increases investments, and improves the fair presentation of a company's financial position.

3-9. Application IFRS standards and view banks' cash flows

IFRS-7 provides a company's cash flow statement, categorizing it into operating, investing, and financing activities, offering information on changes in cash and equivalents, the application of the standard achieves the following benefits: (Abu Nassar & Hamidat, 2020)

3-9-1. Financial statements provides users valuable insights into a company's net assets, liquidity, ability to pay obligations, and financial flexibility.

3-9-2. It gives the indicator of amounts, timing and degree of certainty related to future cash flows and a statement of the relationship between accounting profit and cash profit.

Cash flows are crucial in financial reporting, and applying IFRS standards improves the presentation of accurate and transparent cash flows. This enhances the quality of banks' reports, increases confidence in financial information, and enhances their performance, attracting investments, customers, and business partners.

3-10. The reality of adopting IFRS standards in Iraqi banks

The first essential step that must be followed by the economic unit applying IFRS standards for the first time is to apply IFRS-1, this standard is not matched by local standards in Iraq or guidance within the unified accounting system, which was updated in 2013. Compliance with international accounting standards was not considered at that time. (Alsafar, 2022)

While the latter issued a letter No. 2/5/5/27800 on 14/12/2017, by which he decided to adopt the IFRS standards and set the effective date of their application in 2021, which was not achieved. (Shamkhi, 2023)

The Central Bank of Iraq has decided to transition Iraqi banks to IFRS standards, following the Banking Law No. 94 of 2004 and Central Bank of Iraq Law No. 56 of 2004. This move is based on the Banking Law in Chapter 6, Article 42, which requires the application of accounting rules and regulations in accordance with international standards. (Shamkhi, 2023)

In 2016, the Central Bank of Iraq issued a directive using the IFRS criteria, as of the date above, and in 2019 the above bank updated its 2016 requirement by requiring adoption and compliance with the IFRS-9 standard, and calculating the impact of provisions for expected credit losses from 2020. (Taher & Alani, 2022)

Iraq faces challenges in transitioning to IFRS standards due to interpretation requirements, increased credit risk, and lack of an active market for fair value investment evaluation. (Mohammed & Al-Mashhadani, 2022)

4. Discussing the results:

In this topic, we present a presentation of the results reached by this research, as they form the basis for proving or denying the hypotheses of the research, through a comparative study of the impact of the application of IFRS-9 before and after, as well as an analytical study through a questionnaire form that distributed (226) forms to employees of accountants and auditors of the International Development Banks, and Business Bay, using statistical indicators SPSS v 26 and Amos v 26 for measuring (the role of IFRS standards in enhancing the quality of financial reports)

4-1. An introductory overview of Banks (Research Sample)

The research study focuses on the banking sector, specifically commercial banks and accountants listed on the Iraqi Stock Exchange, using IFRS standards, specifically IFRS-9, to assess its impact on financial reports and quality, which is:

4-1-1. International Development Bank

Established in 2011 with a capital of 250 billion Iraqi dinars in 2014, it has (15) branches in Iraq, and applies IFRS standards. The IFRS-9 standard was applied in the financial reports in 2020, and according to the letter of the Central Bank of Iraq writing No. 9/2/231 on 6/9/2020, and the provisions were calculated quarterly.

4-1-2. Gulf Commercial Bank .

Established in 1999 with a capital of 300 billion Iraqi dinars in 2014, it has (20) branches in Iraq, and applies IFRS standards. IFRS-9 was applied in the financial reports from 1/12/2019, the financial statements were not affected in the same year, as the quantitative impact resulting from the application of the standard was distributed for a period of 5 years and according to the approval of the Central Bank of Iraq by writing No. 9/6/98 on 2/3/2020.

4-2. financial statements before and after the application of IFRS-9 and its impact on the quality of financial reporting:

The statement of financial position of some of the affected accounts was studied in the application of the above criterion.

Table (1) (Direct Credit Facilities) account before and after the application of IFRS-9 standard and its impact on the quality of financial reports 2018-2020

Amounts in thousands of dinars		Information			Bank
Percentage change	difference	after		before	
		2020	2019	2018	
10%	39,573,362	384,900,658		345,327,296	International Development Bank
-19%	- 26,868,879		144,623,558	171,492,437	Gulf Commercial Bank

Source: Preparation of the researcher based on the financial statements and reports of the banks, the research sample and published on the Iraq Stock Exchange website.

It is noted from the above table that there is an increase in the direct credit facilities account by 10% for the International Development Bank and a decrease of 19% in the Gulf Commercial Bank, and it indicates that the above banks reorder the priorities of investing in financial instruments according to the good working facilities and exclude the late payment and non-performing facilities.

Table (2) Calculation of (expected credit losses) before and after the application of IFRS-9 standard and its impact on the quality of financial reports (2018-2020)

Amounts in thousands of dinars

Percentage change	difference	after		before	Bank
		2020	2019	2018	
48%	5,346,671	11,099,347		5,752,676	International Development Bank
72%	44,422,452		61,622,452	17,200,000	Gulf Commercial Bank

Source: Preparation of the researcher based on the financial statements and reports of the banks, the research sample and published on the Iraq Stock Exchange website.

It is noted from the above table that there is an increase in the calculation of expected credit losses by 72% and 48% for the International Development and Business Gulf Banks, and it indicates that banks have taken the possibility of default and the significant increase in credit risk, and the strength of their financial position.

4-3. Results discussion of the statistical analysis

4-3-1. Description of the community and individuals of the research sample:

The research community is represented by the banking sector, and the sample of the community is the international development banker and the commercial Gulf. A sample of bankers represented by accountants and auditors working in them was selected during the research period in 2023.

The characteristics of the research sample and their suitability for research can be shown through Table (1).

Table (3) Description of the research sample

N0	Details	Number	Percentage
1	Age group		
	20-25 Years	9	4%
	26-30 Years	29	13%
	31-35 Years	26	12%
	36-40 Years	44	19%
	41-45 Years	45	20%
	46-more Years	73	32%
	Total	226	100%
2	Academic qualification	Number	Percentage
	Diploma	19	8%
	Bachelor's degree	64	28%
	Master's degree or equivalent	68	30%
	Doctorate or equivalent	75	33%
	Total	226	100%
3	Specialization	Number	Percentage
	Accounting	102	45%
	Accounting and Auditing	31	14%
	Accounting and Financial Control	19	8%
	Legal accounting	17	8%
	Business managing	32	14%
	Other	25	11%

	Total	226	100%
4	Job title	Number	Percentage
4-1	Accounting jobs		
	Bookkeeper	4	2%
	Accountant assistant	19	8%
	Accountant	18	8%
	Senior accountant	8	4%
	Assistant account manager	16	7%
	Account manager	11	5%
	Senior account manager	15	7%
	Financial expert	9	4%
	Total Accounting Jobs	100	44%
4-2	Audit jobs	Number	Percentage
	Audit clerk	2	1%
	Auditor assistant	7	3%
	Auditor	13	6%
	Senior auditor	16	7%
	Assistant Audit Manager	24	11%
	Audit Manager	22	10%
	Senior Audit Manager	21	9%
	Audit expert	21	9%
	Total Audit jobs	126	56%
	Total Job Title	226	100%
5	Experience	Number	Percentage
	1-5 Years	12	5%
	6-10 Years	25	11%
	11-15 Years	26	12%
	16-20 Years	49	22%
	20-25 Years	56	25%
	26-more Years	58	26%
	Total	226	100%

Source: Prepared by the researcher using the statistical program SPSS v 26 and Amos v 26

It is clear from Table (3) that the members of the selected sample have characteristics that suit the objectives of the research, as the majority of the sample members were within the age group of 36 years and older, constituting 71%, and that the majority of them fall within the category of 41 years and older, which constitutes 52% of the research sample, and this indicates that they have the necessary knowledge and experience to conduct the research.

The academic qualification of the research individuals indicated that they had masters and doctoral qualifications with 63% of the sample, which indicates that they have characteristics that enable them to answer the research questions. The majority of the sample members' academic specialization was within accounting, auditing, and legal accounting, as their percentage reached 75%.

Job Title: The job title indicates that the most prominent respondents whose job titles fall within auditing titles, at a rate of 56%, and the remaining percentage for accounting jobs. As for the practical experience of the sample members, it indicates that the majority of the sample members have great practical experience, as their years of experience ranged from 16 to more, reaching 73% of the sample members, which indicates that most of the sample members have great practical experience.

4-3-2. Variables coding and stability testing

Table (4) shows the components of the measurement tool and the number of items for each of the research variables. The five-point Likert scale was used. Clarity and accuracy were taken into account when formulating the paragraphs of the standards to give a great ability to understand the variables and their purpose. The researcher ensured the stability and consistency of the research procedures using the Cronbach's alpha method. The reliability coefficient of the scales was calculated using Cronbach's alpha correlation coefficient. The values of the Cronbach alpha coefficient ranged between (0.816-0.881), which is statistically acceptable in social research because its value is greater than (0.75), which indicates that the scales of the measurement tool in the research were characterized by stability and internal stability.

Table (4) Variables coding and stability testing

No.	main variables	code	number of paragraphs	Alpha Cronbach
1	International Financial Reporting Standards	IFRS	10	0.827
2	Qualitative Characteristics of Accounting Information	AIN	12	0.816
3	Quality of financial reports	QFR	12	0.881

Source: Prepared by the researcher using the statistical program SPSS v 26 and Amos v 26

4-3-3. Testing the normal distribution of research variables

Table (5) below: presents the results of testing the normal distribution of the research variables represented by the International Financial Reporting Standards variable, which is 10 paragraphs, the qualitative characteristics variable of the accounting information, which

consists of 12 paragraphs, and finally the quality variable of the financial reports, which consists of 12 paragraphs. It is noted that all the results of twisting and kurtosis were within the required rate, which is between (1.96to -1.96). This indicates that the distribution of the data of the research sample of the variables of the international financial reporting standards, the qualitative characteristics of the accounting information and the quality of the financial reports are similar to the normal distribution, and free of the problem of twisting and kurtosis, and this supports the assumption that the data of the variables of the international financial reporting standards, the qualitative characteristics of the accounting information and the quality of the financial reports were taken from a society whose data is characterized by normal distribution.

Table (5): Normal distribution of research variables

Variable	Min	Max	Skew	c.r.	kurtosis	c.r.
IFRS	2.729	5.000	-0.216	-0.643	0.128	0.375
AIN	2.446	5.000	-0.136	-0.286	-0.176	-0.479
QFR	2.108	5.000	-0.109	-0.317	0.094	0.186

Source: Prepared by the researcher using the statistical program SPSS v 26and Amos v 26

4-3-4. Validity of the research scale and it includes the following paragraphs:

4-3-4-1.Apparent validity of the current research scale

In order to identify the apparent validity of the research scale and the possibility of adopting the scale, it was presented to a group of experts, and in order to give their observations, a number of necessary adjustments were made according to the opinions of experts, to be the questionnaire in its final form. The questionnaire was presented in its initial form to a group of arbitrators specialized in the field of accounting

4-3-4-2. Constructive validity Confirmation of the current research scale:

Factor analysis of the scale of any research is of great importance in determining the validity of the content, and is part of the structural equation model, which is widely used in social science research, which is one of its main benefits.

4-3-4-2-1. Confirmatory factor analysis of the IFRS variable.

4-3-4-2-2.The IFRS variable has been measured through its 6 paragraphs, Figure 1 and Table 6.

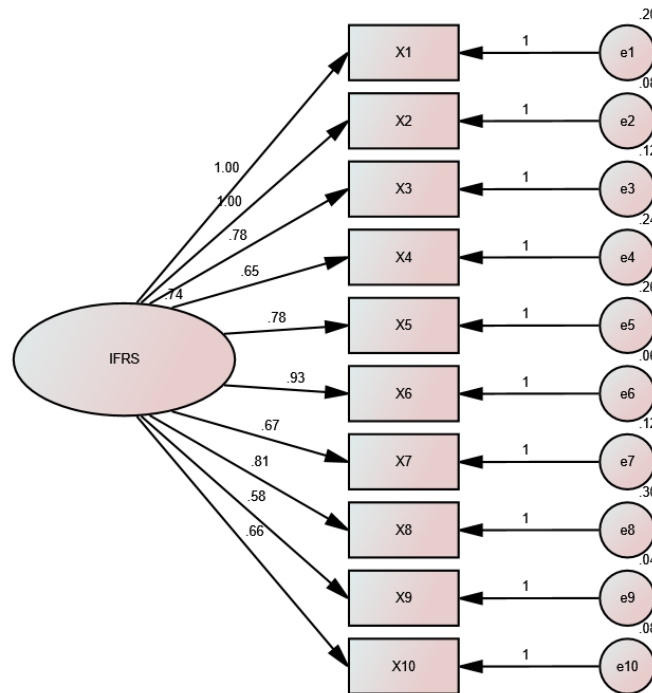


Figure (1) Structural Equation Model (Factor Analysis) of the IFRS Variable

Source: Prepared by the researcher using the statistical program SPSS v 26 and Amos v 26

Through the above figure, it is possible to judge the validity of the questionnaire paragraphs because their value is greater than (40 .0) shown on the shares, which links the latent variables with each paragraph of the scale, which showed that all conformity quality indicators for the variable of international financial reporting standards.

Table (6) Conformity quality indicators for the IFRS variable

			Estimate	S.E.	C.R.	P	Label
X1	<---	IFRS	1.000				
X2	<---	IFRS	1.000	.038	26.563	***	
X3	<---	IFRS	.777	.035	21.953	***	
X4	<---	IFRS	.649	.041	15.937	***	
X5	<---	IFRS	.784	.044	17.833	***	
X6	<---	IFRS	.928	.035	26.800	***	
X7	<---	IFRS	.666	.033	20.251	***	
X8	<---	IFRS	.808	.047	17.168	***	
X9	<---	IFRS	.582	.024	24.300	***	
X10	<---	IFRS	.656	.029	22.283	***	

Source: Prepared by the researcher using the statistical program SPSS v 26 and Amos v 26

Through Table(6), the validity of the questionnaire paragraphs can be judged because the values of (Estimate) are greater than (40 .0) shown in Table (6), which links the latent variables with each paragraph of the scale, which showed that all the conformity quality indicators of the IFRS variable had a value higher than (0.40).

4-3-4-2-3. Factor analysis of the qualitative characteristics variable of accounting information

The factor analysis of the variable of the qualitative characteristics of the accounting information was measured through 12 paragraphs. Through Figure (2), it is possible to judge the validity of the statement of no value greater than (40 .0) shown on the shares, which links the latent variables with each paragraph of the scale, which showed that all the matching quality indicators of the variable of the qualitative characteristics of the accounting information.

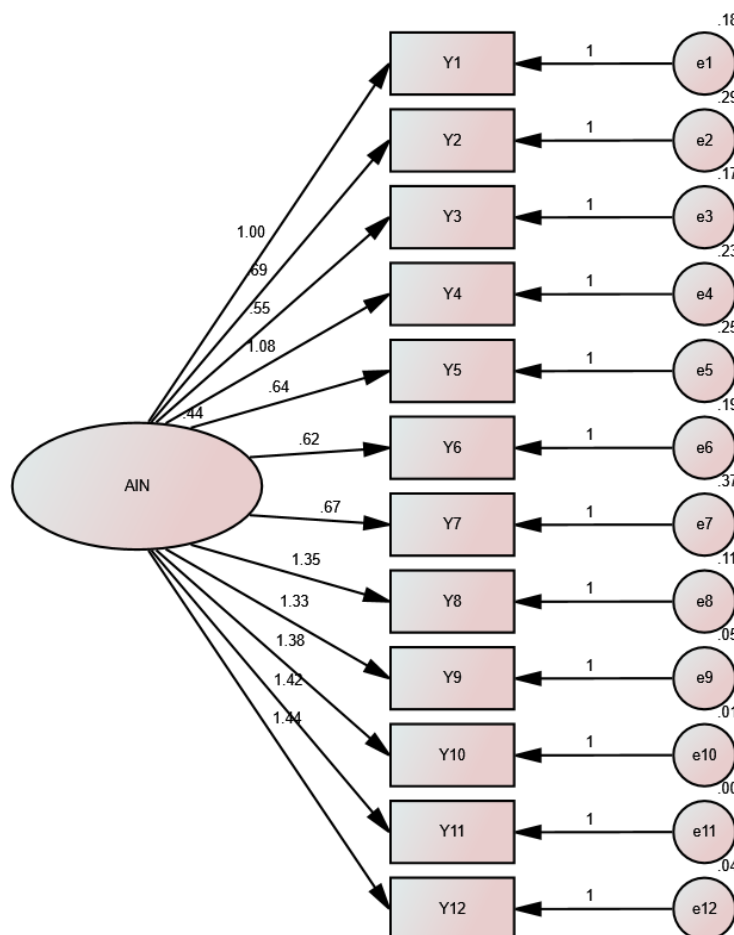


Figure (2) Structural equation model (factor analysis) of the qualitative characteristics variable of accounting information

Source: Prepared by the researcher using the statistical program SPSS v 26and Amos v 26

Table (7) Conformance quality indicators for the variable of qualitative characteristics of accounting information

			Estimate	S.E.	C.R.	P	Label
Y1	<---	AIN	1.000				
Y2	<---	AIN	.695	.057	12.234	***	
Y3	<---	AIN	.545	.043	12.547	***	
Y4	<---	AIN	1.083	.061	17.655	***	
Y5	<---	AIN	.642	.052	12.277	***	
Y6	<---	AIN	.618	.046	13.326	***	
Y7	<---	AIN	.675	.062	10.886	***	
Y8	<---	AIN	1.351	.062	21.964	***	
Y9	<---	AIN	1.327	.056	23.710	***	
Y10	<---	AIN	1.381	.055	25.044	***	
Y11	<---	AIN	1.416	.056	25.341	***	
Y12	<---	AIN	1.441	.060	24.132	***	

Source: Prepared by the researcher using the statistical program SPSS v 26 and Amos v 26

Through Table(7), the validity of the questionnaire paragraphs can be judged because the values of (Estimate) are greater than (0.4) shown in Table (7), which links the latent variables with each paragraph of the scale, which showed that all the conformity quality indicators of the IFRS variable had a value higher than (0.40).

4-4. Factor Analysis of Financial Reporting Quality Variable

The factor analysis of the variable of the quality of financial reports was also measured through 12 paragraphs and through Figure (3), it is possible to judge the validity of the statement of no value greater than (0.4) shown on the shares, which links the latent variables with each paragraph of the scale, which showed that all conformity quality indicators for the variable of the quality of financial reports.

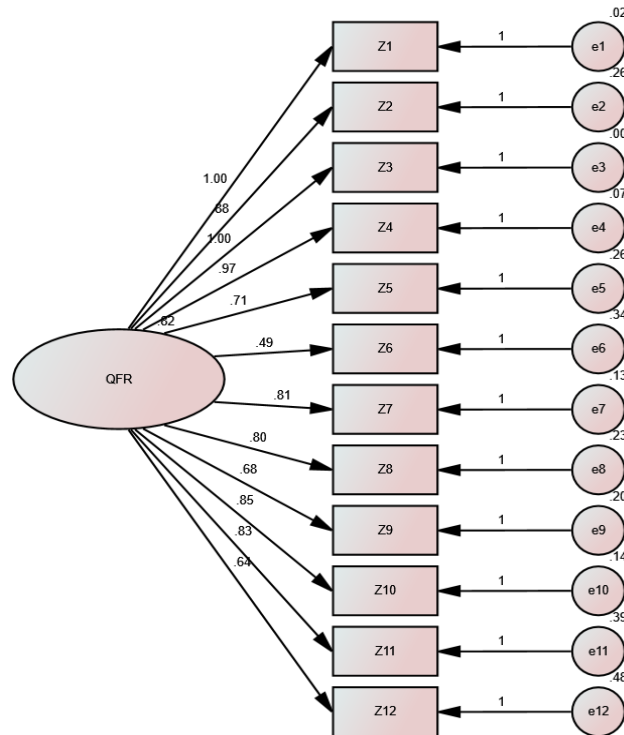


Figure (3) Structural equation model (factor analysis) of the quality variable of financial reports

Source: Prepared by the researcher using the statistical program SPSS v 26 and Amos v 26

Table (8) Conformance quality indicators for the financial reporting quality variable

			Estimate	S.E.	C.R.	P	Label
Z1	<---	QFR	1.000				
Z2	<---	QFR	.883	.035	25.338	***	
Z3	<---	QFR	1.004	.008	124.960	***	
Z4	<---	QFR	.973	.020	49.809	***	
Z5	<---	QFR	.710	.034	20.688	***	
Z6	<---	QFR	.492	.039	12.501	***	
Z7	<---	QFR	.810	.025	31.974	***	
Z8	<---	QFR	.799	.032	24.649	***	
Z9	<---	QFR	.677	.030	22.476	***	
Z10	<---	QFR	.855	.026	33.020	***	
Z11	<---	QFR	.826	.042	19.594	***	
Z12	<---	QFR	.641	.047	13.727	***	

Source: Prepared by the researcher using the statistical program SPSS v 26 and Amos v 26

Through Table(8), the validity of the questionnaire paragraphs can be judged because the values of (Estimate) are greater than (40 .0) shown in Table (7), which links the latent variables

with each paragraph of the scale, which showed that all the conformance quality indicators of the IFRS variable had a value higher than (0.40).

4-5. Description of research variables

Table (9) presents a statistical description of the arithmetic means, standard deviations, the level of the answer and its importance to the research variables. The variable of the international financial reporting standards has an arithmetic mean of this variable (4.587) and a standard deviation (4.086). This indicates that the agreement of the members of the research sample on this variable was very high.

At the level of the other dependent variable, the qualitative characteristics of the accounting information, where the total mean of this variable was (4.106) and a standard deviation (0.827), this indicates that the agreement of the research sample on this variable was very high.

At the level of the dependent variable, the quality of financial reports, the total arithmetic mean for this variable was (4.492) and the standard deviation was (0.5381). This indicates that the agreement of the research sample members on this variable was very high.

Table (9) Statistical description of research variables

Variable	Arithmetic mean	Standard Deviation	Answer Level	Relative importance
International Financial Reporting Standards	4.587	4.086	Very high	0.9174
Qualitative Characteristics of Accounting Information	4.106	0.827	High	0.8212
Quality of financial reports	4.492	0.5381	Very high	0.8984

Source: Prepared by the researcher using the statistical program SPSS v 26 and Amos v 26

4-6. Hypothesis Testing

4-6-1. Testing the first hypothesis

For the purpose of testing the first hypothesis, which states (there is a significant relationship between the application of International Financial Reporting Standards (IFRS) and the enhancement of the qualitative characteristics of accounting information), the sample's answers about the two variables were analyzed and the correlation relationship was measured using the SPSS V.26 program using the correlation test between the variables (Pearson) and the results were as in Table (8)

Table (10) Correlation matrix between IFRS and qualitative characteristics of accounting information

Variable		AIN
IFRS	Pearson Correlation	0.824**
	Sig. (2-tailed)	.003
	N	226

Source: Prepared by the researcher using the statistical program SPSS v 26 and Amos v 26

The results of Table (10) showed a significant correlation between the application of International Financial Reporting Standards (IFRS) and the enhancement of the qualitative characteristics of accounting information and its amount (0.824), which is a strong relationship and at a significant level (0.003). This indicates the interest of Iraqi commercial banks in applying financial reporting standards in order to enhance the qualitative characteristics of accounting information.

4-6-2.the second hypothesis Testing

For the purpose of testing the first hypothesis, which states (there is a significant relationship between the application of International Financial Reporting Standards (IFRS) and the enhancement of the qualitative characteristics of accounting information), the sample's answers about the two variables were analyzed and the correlation relationship was measured using the SPSS V.26 program using the correlation test between the variables (Pearson) and the results were as in Table (11)

Table (11) Correlation Matrix between International Financial Reporting Standards (IFRS) and Enhancing the Quality of Financial Reporting

Variable		QFR
IFRS	Pearson Correlation	0.836**
	Sig. (2-tailed)	0.005
	N	226

Source: Prepared by the researcher using the statistical program SPSS v 26 and Amos v 26

The results of Table (11) showed that there is a significant correlation between the application of International Financial Reporting Standards (IFRS) and the enhancement of the quality of financial reporting and its amount (0.836), which is a strong relationship and at a significant level (0.005). This indicates the interest of Iraqi banks in applying financial reporting standards

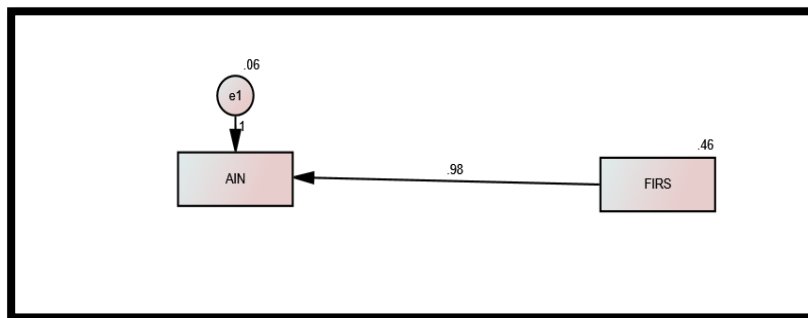
in order to enhance the quality of financial reporting. Iraqi banks should pay more attention to the application of financial reporting standards in order to maintain the level of importance they have reached in the quality of financial reports.

From the above, it is clear that the second hypothesis is accepted, which states that "there is a significant relationship" between the application of International Financial Reporting Standards (IFRS) and the enhancement of the quality of financial reporting)

4-6-3. Testing the third hypothesis

For the purpose of testing the impact hypothesis, which states that (there is a significant impact relationship for the application of International Financial Reporting Standards (IFRS) in enhancing the qualitative characteristics of accounting information), the method of modeling the structural equation was used in the AMOS 26 program for the purpose of verifying the validity of this hypothesis and is represented by the results of the test in Figure (4), which indicates the nature of the impact between the two variables.

Table (12) shows the results of the simple regression test among the International Financial Reporting Standards (IFRS) in enhancing the qualitative characteristics of accounting



information.

Figure (3) the structural equation for measuring the impact of International Financial Reporting Standards (IFRS) in enhancing the qualitative characteristics of accounting information

Source: Prepared by the researcher using the statistical program SPSS v 26 and Amos v 26

It is clear from Figure (4) that there is a positive and significant impact of the International Financial Reporting Standards (IFRS) variable in enhancing the qualitative characteristics of accounting information, and it was also found that the value of the standard impact coefficient was (0.983). It is also clear from Table (10) that the value of (r^2) has reached (0.885), which means that the independent variable International Financial Reporting Standards is able to clarify (88%) of the changes that occur on the dependent variable, the qualitative characteristics of the accounting information in the Iraqi banks, the research sample, and that (12%) is due to other variables that have not been used in this research. The critical value in Table (10) of (45.920) was greater than (1.96) and in terms of the intangible value (P.value.) which amounted

to (0.000), it is less than (0.05), The study reveals that the application of International Financial Reporting Standards (IFRS) positively impacts the qualitative characteristics of accounting information in Iraqi banks, supporting the third hypothesis that IFRS significantly influences this process, which states that (there is a significant relationship of influence to the application of International Financial Reporting Standards (IFRS) in enhancing the enhancement of the qualitative characteristics of accounting information).

Table (12) Estimates of the Standard Model of the Impact of International Financial Reporting Standards (IFRS) on the Qualitative Characteristics of Accounting Information

Result	R2	P	C.R.	S.E.	Estimate	Direct Regression Path		
		significance	Critical	Standard	Impact			
		value	Value	Error	value			
Hypothesis acceptance	0.885	0.000	45.920	0.021	0.983	AIN	<-	IFRS
							-	

Source: Prepared by the researcher using the statistical program SPSS v 26 and Amos v 26

4-5-4. Testing the fourth hypothesis

For the purpose of testing the fourth hypothesis, which states that (there is a significant impact relationship for the application of International Financial Reporting Standards (IFRS) in enhancing the quality of financial reporting), the method of modeling the structural equation was used in the Amos 26 program for the purpose of verifying the validity of this hypothesis. The results of the test were in Figure (5), which indicates the nature of the impact between the two variables.

Table (11) shows the results of the simple regression test between the applications of International Financial Reporting Standards (IFRS) in enhancing the quality of financial reporting.

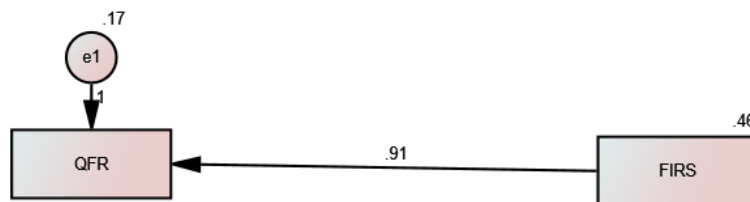


Figure (5) the structural equation for measuring the impact of the application of International Financial Reporting Standards (IFRS) in enhancing the quality of financial reporting

Source: Prepared by the researcher using the statistical program SPSS v 26 and Amos v 26

It is clear from Figure (5) that there is a positive and significant impact of a variable for the application of International Financial Reporting Standards (IFRS) in enhancing the quality of financial reporting, and it was also found that the value of the standard impact coefficient has reached (0.910). It is also clear from Table (13) that the value of (r²) has reached (0.82), which means that the independent variable applying the financial reporting standards is able to clarify (82%) of the changes that occur on the variable related to the quality of financial reports in the Iraqi banks (the research sample), and that (18%) is due to other variables that have not been used in this research. As the critical value in Table (3) of (24.508) was greater than (1.96) and in terms of the intangible value (P.value), which amounted to (0.000), which is less than (0.05), which indicates that the level of impact of IFRS on the quality of financial reporting among Iraqi banks (the research sample), all that increased their adoption of IFRS and their interest in it, was reflected positively on increasing the quality of financial reporting.

Based on the above, the fourth hypothesis can be accepted, which states that (there is a significant relationship of influence to the application of International Financial Reporting Standards (IFRS) in enhancing the quality of financial reporting).

Table (13) Estimates of the standard model of the impact of International Financial Reporting Standards (IFRS) in enhancing the quality of financial reporting

result	R2	P significance value	C.R. Critical value	S.E. Standard error	Estimate Impact value	Direct regressions	Path
Hypothesis acceptance	0.82	0.000	24.508	0.037	0.910	QFR	<- IFRS

Source: Prepared by the researcher using the statistical program SPSS v 26 and Amos v 26

5. Conclusion

The research reveals that IFRS standards significantly impact the quality of financial reporting for banks in Iraq, enhancing transparency, comparability, and reliability in financial statements. It provides a comprehensive review of IFRS's history, objectives, significance, challenges, and impact on the quality of financial reporting.

The adoption of International Financial Reporting Standards (IFRS) has enabled global comparability, enabling investors, creditors, and other stakeholders to make comparisons. The principle-based nature of IFRS provides flexibility in reporting, ensuring accurate representation of banks' financial performance and flows.

6. Conclusions and Recommendations

6-1. Conclusions

6-1-1. The interest of Iraqi commercial banks in applying financial reporting standards in order to enhance the qualitative characteristics of accounting information.

6-1-2. Iraqi banks are increasingly utilizing International Financial Reporting Standards (IFRS) to improve the quality of their financial reports in Iraqi banks (research sample). The increased application of (IFRS) positively impacts the qualitative characteristics of accounting information.

6-1-3. there is the impact of IFRS on the quality of financial reporting among Iraqi banks, the research sample. All that has increased their adoption of IFRS and their interest in it has been reflected positively on increasing the quality of financial reporting.

6-1-4. Iraqi banks face a significant challenge in transitioning from local accounting standards to IFRS standards, necessitating substantial training and regulatory enhancement to align with international standards.

6-1-5. by applying IFRS standards, banks can enhance their ability to adapt to global economic and accounting developments, reflecting their progress and competitiveness in the international financial market.

6-2. Recommendations

6-2-1. Iraqi banks should enhance their focus on financial reporting standards to ensure the availability of qualitative accounting information, which will positively impact the quality of financial reports.

6-2-2. Iraqi banks should pay more attention to the application of financial reporting standards in order to maintain the level of importance they have reached in the quality of financial reports.

6-2-3 The research suggests that banks invest in training IFRS staff and accountants to enhance their understanding and ability to apply these standards correctly.

6-2-4. Urging the financial and supervisory authorities in Iraq to support the transition to IFRS standards by providing guidance, advice and technical assistance to banks.

6-2-5. Accounting and financial bodies in Iraq should promote financial disclosure and raise awareness of the importance of committing to IFRS standards and their benefits to companies and investors.

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