

The Role Of International Accounting Standard No. (IFRS9) In The Effectiveness Of Corporate Governance

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Abstract

The aim of the research is to analyze the framework and scope of the International Financial Reporting Standard for Financial Instruments (IFRS 9) and to identify the importance, procedures and obstacles to the application of the standard in private commercial banks, as well as the statement of the role played by corporate governance mechanisms in economic units, and the impact of the application of classification and measurement (IFRS9) Reporting Standard International finance in activating the application of corporate governance mechanisms in Iraqi economic units, and for the purpose of achieving the goal of the research and its hypotheses, a questionnaire was designed that consisted of three axes that included research variables, and each axis included (10) paragraphs for each axis distributed to a sample of accountants and auditors working in five commercial banks and included (100) employees, and he reached a set of conclusions, the most important of which was, financial tools are among the topics that occupied the accounting thought because of the difficulty and complexity in measuring and disclosing them. This became clear based on the efforts made by the American Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB).) and Advisory Group (FCAG) The International Accounting Standards Board has embarked on a lengthy project in the formulation, development and simplification of International Accounting Standard (IAS39) And replacing it with the Financial Reporting Standard (IFRS9), and in light of the answers of the sample members, it was found that there is a weakness in the number of those taking courses in international accounting standards, as it reached (30%) of the employees, i.e. a quarter of the number of the sample members, especially since the sample members are from accounting specialties and workers in banks. The results of the factor analysis for the second axis (the importance of a clear understanding of the application of all corporate governance mechanisms in banks) showed a weakness in the understanding of all corporate governance mechanisms among the sample members.

Keywords: International Financial Reporting Standard (IFRS 9), International Accounting Standards Board (IASB), American Accounting Standards Board (FASB).

Introduction

Accounting thought has witnessed rapid development in recent years, and many developing countries have begun to develop and adopt international standards (IFRS) issued by the International Accounting Standards Board (IASB) due to the need of these countries for foreign investments coming

overseas and multinational companies, these matters and economic developments It obliged the bodies responsible for setting Accounting standards, including IASB, to address them and develop appropriate Accounting treatments for them, which led to the issuance of new international Accounting standards to address the shortcomings resulting from traditional Accounting on the one hand, and the

development of accounting standards that are commensurate with the nature and characteristics of financial instruments on the one hand. Second, to ensure that an objective description of economic facts is provided through the financial report, and Iraq is among the countries that have sought to adopt international standards, especially International Standard No. (IFRS 9) financial instruments “recognition and measurement”, and the Iraqi government banks have obligated them and the eligibility to adopt it, and the Central Bank confirmed Iraq to implement it and to be included in the financial statements for the fiscal year 2019, which posed a challenge to Ed Banks in general and accountants and auditors in particular. IFRS 9 came to replace International Financial Accounting Standard 39 Financial Instruments as a result of the complaining of many users of financial statements around the world about the difficulty and complexity of IAS 39, and IFRS 9 became effective as of 1/1/2018.

Research methodology

First: the research problem

The accounting information that appears in the financial reports is supposed to be the mirror that reflects the true picture of the activities and businesses of companies, so the research problem focused (Is there an effect of applying classification and measurement according to the International Financial Reporting Standard (IFRS 9) in activating corporate governance mechanisms in Iraqi commercial banks?).

Second, the importance of research

The importance of the research is to show the level of application of the banks listed in the Iraqi Stock Exchange to the requirements of the standard in terms of classification and measurement of financial assets and the measurement of credit losses in compliance with the instructions of the Central Bank of Iraq on the one hand, and to show its impact on the effectiveness of corporate governance through the reduction of profit management, which is considered One of the most important

challenges facing good governance and achieving its principles.

Third: the purpose of the research

The research aims to present the classification requirements for measuring financial assets and measuring expected credit losses in accordance with IFRS 9, then clarifying the general framework for its role in the effectiveness of corporate governance, as well as measuring and analyzing the level of banks' application of the requirements of the standard related to the classification and measurement of financial assets and the measurement of expected credit losses. In addition to measuring and analyzing the impact of applying IFRS 9 requirements in terms of classifying and measuring financial assets and measuring expected credit losses to reduce wind management practices

Fourth: the research hypothesis

The research is based on a main hypothesis that: ((there is no statistically significant relationship between the application of classification and measurement according to the International Financial Reporting Standard (IFRS 9) in activating the mechanisms of corporate governance in Iraqi economic units)), from which the following sub-hypotheses emerge:

1. There is no significant correlation between the application of classification and measurement according to the International Financial Reporting Standard (IFRS9) in activating the mechanisms of corporate governance in the Iraqi economic units.
2. There is no significant relationship between the application of classification and measurement in accordance with the International Financial Reporting Standard (IFRS9) on the mechanisms of corporate governance in Iraqi economic units.

The theoretical side

First: The purpose, scope and framework of the International Financial Reporting Standard (IFRS9)

1. Objective of (IFRS9): The International Accounting Standards Board (IASB) has set a major goal, which is to allow the failures that accompanied the application of the International Accounting Standard (IAS3), and on the basis of that, principles and guidelines for preparing financial reports for financial assets and financial liabilities have been developed so that these principles and guidelines help clarify the foundations of Recognition and measurement methods in relation to financial assets and liabilities and thus facilitate the process of classification, recognition and measurement and help in disclosing appropriate and useful information for users of financial statements for the purpose of evaluating the amounts, timing and uncertainties related to the entity's future cash flows and laying the foundations for recognition, measurement, amortization and hedge accounting. (IFRS9, 2011,2(

2. Scope of (IFRS9): The scope of this standard covers all items that fall within the International Accounting Standard (IAS3) Financial Instruments, Measurement and Recognition, and the scope of International Financial Reporting Standard (IFRS9) extends to include fixed assets in addition to financial liabilities (Assam, 2016: 14(.

3. IFRS 9 framework): IFRS 9 is based on three main phases: (Salah and Mahjoub, 2017: 112).

a. A single and logical approach to the classification and measurement of financial assets, reflecting the economic model in which they are managed, as well as the related contractual cash flows,

b. One new model for impairment of financial assets, expected, based on expected losses, the standard is applied to financial instruments traded in entities (without the exception mentioned in IAS 39).

c. Improve and simplify classification and measurement requirements for hedge accounting.

Second: Classification and measurement of financial instruments in accordance with the

International Financial Reporting Standard IFRS 9.

In the initial recognition and initial measurement, there are no differences between standards (IAS39) and IFRS9). IAS 39 contains four classes of classification and three classes of measurement, while IFRS 9 contains only three classes of measurement. They are also classification categories. IFRS 9 provides a simplification for the classification and measurement of financial instruments. (Mojca Gornjak, 2017: 117(.

Financial assets are classified in IFRS 9 on the basis of their measurement, ie at fair values or at amortized cost (Al-Jarat, 2015: 142).

Whereas, IFRS 9 adopts a new approach to classifying financial assets based on two criteria:

1. The company's business objective model (business model(.

2. Contractual cash flow model for financial assets

However, IFRS9 gives companies the option to continue to treat hedging derivatives as required by IAS39 and the fair value option, which was present in IAS39, is permitted in IAS39. International Financial Reporting No. (IFRS9). This rule applies to all financial assets, allowing the company to initially recognize its fair value in the statement of profit and loss. Finally, reclassifications from amortized cost to fair value and vice versa are not prohibited, but need to be based on changes in the business model of the company that are usually scarce (Pawel, 2019: 6).

Third: The concept of governance in Iraq

Iraq, despite conflict and conflict, and with the help of the International Finance Corporation (IFC), began to implement governance policies and procedures despite its unstable environment. Governance is the key to sustainability and internal control, and it has been striving since the past three years to gain trust, ensure transparency and improve infrastructure, so it was the first point to launch governance (Kurdistan Institute of Directors)

Erbil Chamber of Commerce He started providing advisory services and raising awareness about corporate governance and graduating a trained team of KIOD businessmen to improve the management skills of the board of directors, competitiveness and job creation. Salah Al-Din Holding was also the main player in the private sector and began working in the pharmaceutical, manufacturing and banking sectors with the support of IFC, says Amir Al-Saeed Agaj. The Governance Officer at the International Finance Corporation in the Middle East and North Africa, "Governance makes companies stronger and helps them to withstand crises," especially in the fragile and conflict-affected environment. The International Finance Corporation was implementing governance from a trust fund supported by Japan and Spain. (Issa, 2019: 69)

Fourth: The role of accounting standards in applying corporate governance and its mechanisms

The efficiency of the application of corporate governance and its mechanisms depends on the accounting information contained in the financial reports, which in turn depends on accounting standards, and therefore international organizations are concerned with accounting standards for the preparation of accounting information.

The importance of accounting standards stems from the fact that they define the characteristics that must be characterized by accounting information, and then these standards are the basic rules to be used and guided by them to assess the quality of this information, as they play an important role in providing protection for stakeholders in companies by providing the necessary foundations and rules To prepare financial reports in which accounting information is characterized by quality and transparency because of their important role in making decisions inside and outside the company. It is important that local accounting and auditing standards be integrated with international accounting and auditing standards in strengthening financial markets, following up on the performance of economic units, and

achieving accountability in order to protect the rights of shareholders and other stakeholders. (Al-Ani, 2015: 142)

Accounting, including its practical procedures and theoretical standards, whether local or international, is one of the mainstays for applying corporate governance, as accounting and auditing standards play an important role in implementing corporate governance and its mechanisms through the correct application of these standards. Accounting, auditing and corporate governance work together for the flow of appropriate Accounting information in the financial markets with all transparency to enhance the accountability process to protect shareholders, stakeholders and society. During the last two decades, there have been changes in the environment of accounting practices that have had an impact on the perception of accounting information users that prompted attention to accounting standards for preparing accounting information and their implications for corporate governance, and the most important of these variables are:- (Fateh, 2016: 97)

1. The financial collapse of some major companies
2. Globalization and the liberalization of financial markets
3. The global trend of corporate privatization
4. The growing interest in the knowledge economy

Fifth: The importance of the Financial Reporting Standard (IFRS9) for financial tools in strengthening corporate governance

The development in the business environment has led to the emergence of new financial instruments, their diversity and the degree of innovation in them increased over time, such as financial derivatives.

From the above it is clear that the global collapse of some major companies and the global trend of privatization of companies, free market economies and globalization of financial markets led to the transformation of

corporate governance from a topic related to legislators in some emerging financial markets to a topic that concerns all parties with interests in the modern business environment.

The principles of corporate governance converge with accounting standards when using each of them. Accounting standards, especially the International Accounting Standard for Financial Reporting (IFRS9) (financial instruments) focus on the subject of classification and measurement because of its importance in the financial markets, where financial reports are a source for them to provide accounting information, which is directly reflected in disclosure and transparency, which in corporate governance is the cornerstone and main tool in the accountability of the Board of Directors to shareholders and other stakeholders.

And that activating the role of accounting standards in the field of corporate governance does not end with just building those standards, but also depends on the auxiliary infrastructure that works to ensure interpretation, translation and application of standards in an accurate manner. (Yusuf, 2017: 243).

We conclude from the above that the international accounting standards preparation committees' endeavor to develop standards, especially the International Accounting Standard (IFRS9) (Financial Instruments), which replaced the International Accounting Standard (IAS39), which is one of many steps to reduce the gaps that may accompany international organizations when preparing these Standards, therefore, accounting standards should be adhered to because they achieve credibility and transparency in the accounting information contained in financial reports, as well as their role in protecting the rights of stakeholders in companies, which is positively reflected on corporate governance mechanisms.

The practical side

First: A historical overview of the Iraqi banking industry and the foundations for preparing financial reports for banks

The Iraqi banking business is one of the business and commercial activities that began to be practiced in the middle of the last century, with the establishment of the first fully Iraqi commercial bank in 1941, and it was called the Rafidain Bank, which established its general headquarters in Baghdad, in addition to opening a number of branches in Baghdad Governorate, and after a period of nearly half a century of monopoly by that bank on all commercial banking business. The Ministry of Finance established another bank under Law No. (52) at the end of the year (1988) and it was called Al-Rasheed Bank. Like its predecessor, Al-Rafidain Bank was subjected to the entire governmental administrative apparatus with regard to the laws and instructions issued by the Ministry of Finance. And the Central Bank of Iraq in order to direct and organize their banking activities, such as accounting.

The accounting system applied in Iraqi banks is the unified accounting system for banks and insurance companies, and this system was derived in its numbers on the Iraqi accounting rules, as these banks carry out the process of recognition, measurement and accounting disclosure with financial tools based on that system in addition to what is issued by the Ministry of Finance and the Central Bank of Iraq From accounting instructions periodically in relation to some developments or problems facing banks.

Second: Analysis of the results of the questionnaire for the banks of the research sample

The research used the questionnaire method as a tool to collect data from the sample that was randomly selected to prove or deny the hypothesis of the research and by (100) questionnaire forms distributed to bank managers, accountants and auditors, and completely recovered (100 forms). The questionnaire was formulated according to the

Likert scale in the answers of the research sample and was according to the following order (very important, important, medium importance, low importance, unimportant) and the questionnaire consists of three axes. The importance of accounting standards for financial reporting (financial tools) in improving the quality of banks' performance. As for the second axis of the questionnaire, it included (10 questions) that reflect the importance of a clear understanding of the application of all corporate governance mechanisms in banks, and the third axis of the questionnaire included (10 questions) about the indicators of applying the standard The International Accountant for Financial Reporting No. (IFRS 9) and its reflection on the mechanisms of corporate governance and the analysis of the results, according to the questionnaire and according to the axes.

Table (1): Distribution of questionnaire forms to the individuals surveyed in the study sample banks

No	Name of the bank	Number of sample
1.	Investment Bank of Iraq	20
2.	Credit Bank of Iraq	18
3.	Middle East Investment Bank	22
4.	Gulf Commercial Bank	20
5.	5 National Bank of Iraq	20
Total		100

Third: To test the validity and reliability of the questionnaire for the respondents using the Cronbach Alfa scale, according to the axes.

Cronbach Alfa test was applied using the statistical program (SPSS) to test the reliability and validity of the measurement tool, and since the results of Cronbach Alfa values were high, that is, much higher than the value of (0.7), the resolution items are very good for achieving stability and coherence. Table No. (2) shows Cronbach Alfa values for the study variables.

Table (2) Cronbach Alfa values for the study variables

the hub	the field	Cronbach	honesty*
1.	The importance of accounting standards for financial reporting (financial tools) in improving the quality of banks' performance	0.984	0.992
2.	The importance of a clear understanding of the application of all corporate governance mechanisms in banks	0.989	0.994
3.	Indicators of the application of the International Accounting Standard for Financial Reporting No. (IFRS 9) and its reflection on the mechanisms of corporate governance.	0.988	0.994

*Total validity = positive square root of Cronbach Alfa coefficient

Analysis of the respondents' questionnaire

In light of what was stated in the general framework of the questionnaire analysis, the use of a set of statistical methods in order to test the validity of the hypothesis of the study adopted by the study, and the importance of a clear understanding of the application of all corporate governance mechanisms in banks, as well as indicators of the application of the International Accounting Standard for Financial Reporting No. (IFRS 9) and its

reflection on the mechanisms Corporate governance, according to the three axes of the study. This paragraph includes a statistical analysis of the three axes, and the arithmetic mean, standard deviation, coefficient of variation, relative weight, and degree of agreement for each variable were used, in order to determine the trends of the study sample.

The first axis: the importance of accounting standards for financial reporting (financial tools) in improving the quality of banks' performance

The respondents' answers revealed the arithmetic mean, standard deviation, relative weight, and the degree of approval for the first axis variable (the importance of accounting standards for financial reporting (financial tools) in improving the quality of banks' performance), and the arithmetic mean for this axis was (4.22), and the standard deviation was (0.89) The coefficient of variation was (0.21), and the relative weight for the whole axis was (0.84), with a degree of agreement (I totally agree).

Table (3): Arithmetic mean, standard deviation, coefficient of variation, relative weight, and degree of approval of the importance of accounting standards for financial reporting (financial instruments) in improving the quality of banks' performance.

Code	variable	Arithmetic mean	standard deviation	Variation coefficient	relative weight	degree of approval	
X ₁	The application of accounting standards for appropriate financial tools in the field of recognition and measurement leads to the production of accounting information of high quality	4.61	0.65	0.14	0.92	Totally agree	
X ₂	There is a complex nature in which some international accounting standards are formulated and related to financial instruments, especially the International Accounting Standard (IFRS9), and this would lead to their failure to be adopted by banks.	4.17	1.101	0.26	0.83	I agree	
X ₃	The International Accounting Standard for Financial Reporting (IFRS9) aims to provide accounting information that helps in the following:						
	X ₃₁	Understand enough about the performance of the bank and the money of its investors.	4.21	1.076	0.26	0.84	Totally agree
	X ₃₂	Take appropriate economic decisions.	4.25	1.038	0.24	0.85	Totally agree
	X ₃₃	Ensure the credibility and appropriateness of the presentation of financial instruments.	4.50	0.785	0.17	0.90	Totally agree
X ₄	standards (financial instruments) would remove ambiguity, contradiction and confusion among users of financial statements, through the existence of unified international standards with one concepts.	4.50	0.628	0.14	0.90	Totally agree	
X ₅	The bank faces obstacles using	4.32	0.634	0.15	0.86	I agree	

	international accounting standards (financial instruments), and this in turn reflects negatively on the bank's returns.					
X_6	Bank employees are aware of the importance of using accounting standards (financial tools) in their work, in order to produce useful information that enables the decision maker to maximize their benefits and rationalize their various decisions to achieve customer satisfaction.	3.91	0.965	0.25	0.78	I agree
X_7	The adoption of accounting standards for financial instruments, especially the standard (IFRS9), would increase public confidence in the bank's commitment to standards, which would increase the bank's profitability.	4.13	0.960	0.23	0.83	I agree
X_8	There is a commitment by the bank to international accounting standards, especially those related to financial instruments (IFRS9).	3.99	1.0	0.25	0.80	I agree
X_9	Do you agree with preparing an accounting rule that corresponds to the International Accounting Standard for Financial Reporting (IFRS9) to reduce the complexity of applying the standard in Iraqi banks?	4.03	0.926	0.23	0.81	I agree
X_{10}	There are specialized accountants who have courses that qualify them to work in accordance with international accounting standards, especially those related to (financial instruments).	4.05	0.925	0.23	0.81	I agree
	Arithmetic mean of the first axis	4.22	0.89	0.21	0.84	Totally agree

Through Table No. (3), it is clear from the first variable (that the application of accounting standards for appropriate financial tools in the field of recognition and measurement leads to the production of accounting information of high quality) by (92%), with an arithmetic mean (4.61) and a standard deviation (0.65). Full agreement for this variable, and there was agreement for the second variable (there is a complex nature in which some international accounting standards are formulated and related to financial instruments, especially the International Accounting Standard (IFRS9),

and this would lead to their not being adopted by banks), and this would lead to not to be adopted by the banks. As for the third variable, in which the International Accounting Standard for Financial Reporting (IFRS9) aims to provide accounting information that helps in three sub-variables: understanding the sufficient performance of banks, making appropriate economic decisions, and ensuring the credibility and appropriateness of the presentation of financial instruments, and all these sub-variables were in agreement Exactly what it says. The least agreed variable was the

sixth variable, which indicates that there is a perception among bank employees of the importance of using accounting standards (financial tools) in their work, in order to produce useful information that enables decision makers to maximize their benefits and rationalize their various decisions to achieve customer satisfaction. In general, the overall average of this axis was completely in agreement in the opinions of its respondents, which supports the objective of the study, which is the effect of applying classification and measurement in accordance with the International Financial Reporting Standard (IFRS 9) in activating the mechanisms of corporate governance in Iraqi economic units.

The second axis: the importance of a clear understanding of the application of all corporate governance mechanisms in banks

The respondents' answers revealed the arithmetic mean, standard deviation, relative weight, and the degree of approval of the second axis variable (the importance of a clear understanding of the application of all corporate governance mechanisms in banks). (0.18), and the relative weight of the whole axis was (0.87), with a degree of agreement (I totally agree).

The answers of the sample members were on the axis as in Table (4) below, which gives a clear picture of the variables of the first axis.

Table (4): Arithmetic mean, standard deviation, coefficient of variation, relative weight, and degree of approval of the importance of a clear understanding of the application of all corporate governance mechanisms in banks.

Code	variable	Arithmetic mean	standard deviation	Variation coefficient	relative weight	degree of approval	
X ₁₁	The primary objective of corporate governance is to protect the rights of shareholders and other stakeholders.	4.19	0.92	0.22	0.84	I agree	
X ₁₂	Corporate governance and its mechanisms should occupy a major place in the company's strategy, policy and objectives.	4.27	0.84	0.20	0.85	Totally agree	
X ₁₃	Adhering to the principles of corporate governance leads to:						
	X ₁₃₁	The existence of a market characterized by transparency in the disclosure of accounting information.	4.21	0.90	0.21	0.84	Totally agree
	X ₁₃₂	Existence of effective control tools on the performance of the companies' board of directors.	4.27	0.84	0.20	0.85	Totally agree
	X ₁₃₃	Attracting local and foreign investments.	4.28	0.91	0.21	0.96	Totally agree
X ₁₄	Corporate governance is one of the important tools in encouraging investment in the financial markets.	4.47	0.72	0.16	0.89	Totally agree	
X ₁₅	Implementing effective corporate governance will improve the efficiency of financial markets.	4.41	0.78	0.18	0.88	Totally agree	
X ₁₆	The principle of classification	4.34	0.83	0.19	0.87	Totally	

	and measurement, which would enhance disclosure and transparency, is one of the main principles of corporate governance and ensuring a balance in the quality of information.					agree
X ₁₇	The implementation of governance mechanisms enhances the importance and impact of corporate governance to support companies and the efficiency of financial markets.	4.31	0.80	0.23	0.86	Totally agree
X ₁₈	Corporate governance and its mechanisms occupy a key place in the Bank's strategy, policies and objectives.	4.41	0.74	0.16	0.88	Totally agree
X ₁₉	A qualified and independent external auditor is appointed with scientific and practical skills, and his remuneration is determined on the basis of his level of performance and his skill in expressing an impartial opinion on the accuracy and reliability of the financial statements.	4.46	0.67	0.15	0.89	Totally agree
X ₂₀	There is an independent governance committee with financial and accounting skills and experience in the bank.	4.49	0.69	0.15	0.90	Totally agree
	Arithmetic mean of the second axis	4.35	0.79	0.18	0.87	Totally agree

It is clear from Table (7) that there is a good picture of the importance of a clear understanding of the application of all corporate governance mechanisms in the banks included in the second axis. Companies is to protect the rights of shareholders and other stakeholders, which was included in the first variable (X11) for this axis. As for the other nine variables, they were completely consistent with what those variables went to, including the third variable with its three parts, and this is what the data of the arithmetic mean of the second axis indicated, and as In the first axis, the results of the respondents' answers were in line with the objective of the study, which calls for an effect of applying classification and measurement according to the International Financial Reporting Standard (IFRS 9) in activating the mechanisms of corporate governance in Iraqi economic units.

The third axis: Indicators of the application of the International Accounting Standard for

Financial Reporting No. (IFRS 9) and its reflection on the mechanisms of corporate governance.

The respondents' answers showed about the arithmetic mean, standard deviation, relative weight, and degree of approval for the axis (indicators of the application of the International Accounting Standard for Financial Reporting No. (IFRS 9) and its reflection on the mechanisms of corporate governance). The arithmetic mean for this axis was (4.03), and the standard deviation was (0.89). The coefficient of variation was (0.22), and the relative weight of the whole axis was (0.80), with a degree of agreement (agree).

The answers of the sample members were on the axis as in the table (5) below, which gives a clear picture of the variables of the third axis.

Table (5): Arithmetic mean, standard deviation, coefficient of variation, relative weight, and degree of approval of the indicators of the application of the International Accounting Standard for Financial Reporting No. (IFRS 9) and its reflection on the mechanisms of corporate governance.

Code	variable	Arithmetic mean	standard deviation	Variation coefficient	relative weight	degree of approval
X ₂₁	All debt instruments that are subject to the measurement and calculation of ECL are categorized when preparing the financial statements.	3.81	0.95	0.25	0.76	I agree
X ₂₂	Expected credit losses resulting from default events are recognized within the next (12) months of preparing the financial statements, which results in a default in payment and becomes a non-performing loan, and its interests are not recognized.	3.55	0.97	0.27	0.71	I agree
X ₂₃	The bank's financial instruments are classified as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.	4.06	0.84	0.17	0.81	I agree
X ₂₄	A distinction is made between financial instruments available for sale, held for trading and held to maturity.	4.21	0.88	0.21	0.84	Totally agree
X ₂₅	Financial instruments held for trading are included under short-term investments	3.81	0.95	0.25	0.76	I agree
X ₂₆	Available-for-sale and held-to-maturity financial instruments are included under long-term investments	4.11	0.84	0.20	0.82	I agree
X ₂₇	Financial reports provide information that is honest in the expression and representation of financial events in the bank, according to which the work mechanisms are determined by the management.	4.21	0.81	0.19	0.84	Totally agree
X ₂₈	Held-to-maturity investments are reclassified and transferred to available for sale or traded investments in case the Bank abandons its intention and ability to hold it to maturity.	4.07	0.96	0.24	0.81	I agree
X ₂₉	A committee was formed to follow up the transition to implement the International Accounting Standard (IFRS9) and to monitor the effectiveness of controlling the accounting measurement and disclosure processes instead of the International Accounting	4.14	0.84	0.20	0.83	I agree

	Standard (IAS39).					
X_{30}	The adoption of the mechanisms of the International Accounting Standard (IFRS9) related to classification and measurement facilitates the process of accountability and control for the purposes of corporate governance.	4.29	0.84	0.20	0.86	Totally agree
	Arithmetic mean of the second axis	4.03	0.89	0.22	0.80	I agree

The results of the third axis shown in Table (8), indicate the agreement of the respondents that all debt instruments that are subject to the measurement and calculation of the expected credit loss when preparing the financial statements for the first variable (X21) of the third axis variables, as for the second variable (X22), and the variable The third variable (X23), the fifth variable (X25), the sixth variable (X26), the eighth variable (X28), and the ninth variable (X29). The opinions of the respondents were also in agreement according to the arithmetic mean values, standard deviations, and the relative importance of each variable. The respondents' completely agreed opinions were for the seventh variables (X27), and the tenth (X30), while the arithmetic mean of the third axis variables was in agreement with the respondents' opinions according to what was stated in the rates of statistical measures and the degree of approval. And the measurement according to the International Financial Reporting Standard (IFRS 9) in activating the mechanisms of corporate governance in the Iraqi economic units.

Testing the research hypothesis

The research hypothesis will be tested using statistical methods. The research hypotheses are as follows:

"There is an effect of applying classification and measurement according to the International Financial Reporting Standard (IFRS 9) in activating the mechanisms of corporate governance in Iraqi economic units"

1. The null hypothesis (H0): There is no significant relationship or significant effect of the independent variable on the dependent variable.

2. The alternative hypothesis (H₁): There is a significant relationship or a significant effect of the independent variable (criterion 9) on the dependent variable (governance).

For statistical analysis the following simple linear regression model will be used:

$$y_i = \alpha + \beta x_i$$

whereas:

y_i : dependent variable

x_i : the independent variable

α : the model parameter representing the intercept coefficient (constant term)

β : the model parameter and represents the regression coefficient (the marginal slope)

From the application of this model will be extracted:

1. Coefficient of determination (R^2): which is explained by the independent variables from the total change in the dependent variable, where this ratio ranges between zero and the correct one, the closer the coefficient of determination is to one, the more it indicates the quality of the model and vice versa.

2. Test (F): It is used to test the significance of the assumed linear relationship to estimate the parameters of the study model.

3. T-test: To test the significance of the marginal slope (β) and the extent of the influence of the independent variable on the fixed variable.

4. Simple correlation coefficient (r): It is the square root of the coefficient of

determination and explains the strength of the relationship between the two variables.

The first axis: testing the importance of accounting standards for financial reporting in banks, and the results of the analysis were as in the following table:

Table (6): Testing the importance of accounting standards for financial reporting in banks

β	R^2	F	indication	r	indication	t	accept (reject) the hypothesis
2.34	0.89	65.22	The relationship is moral	0.94	moral connection	11.24	Reject the null hypothesis and accept the alternative hypothesis

From the above analysis tables we find that:

1. There is a strong correlation between the dependent and independent variable, where the value of the correlation coefficient is (0.94).

2. The coefficient of determination was high (0.89), meaning that (89%) of the variables were explained, and the remaining (11%) were unexplained and were due to external factors.

3. The value of (F) was (22.65) with a high significance, which is greater than the tabular value of (9.63) with a degree of freedom of (1.99) and a level of significance (1%).

4. The value of (t) was (11.24) which is also significant and greater than the tabular value of (2.326) for a level of significance (1%).

The equation of the regression line was positive and as follows:

$$\hat{y} = 2.54 + 2.34 x$$

The equation indicates that the value of (β) is positive, which means that an increase of one unit in the independent variable leads to an increase of one unit with the same value of the

Table (7): Testing the importance of a clear understanding of the application of all corporate governance mechanisms in banks

β	R^2	F	indication	r	indication	t	accept (reject) the hypothesis
1.56	0.82	60.87	The relationship is moral	0.91	moral connection	9.16	Reject the null hypothesis and accept the alternative hypothesis

regression coefficient (2.34) in the dependent variable.

From the results of the above variance analysis for the axis (the importance of accounting standards for financial reporting in banks), it is clear that there is an awareness among the research sample of the importance of this axis, and therefore we reject the null hypothesis and accept the alternative hypothesis, which means that there is an effect of applying classification and measurement in accordance with the International Financial Reporting Standard (IFRS 9) in Activating the mechanisms of corporate governance in the Iraqi economic units for the first axis of the respondents' answers.

The second axis: testing the importance of a clear understanding of the application of all corporate governance mechanisms in banks, and the results of the analysis are as in the following table, where (y_i) represents the dependent variable, which is improving the quality of banks' performance, and (x_i) represents the independent variable, which is a clear understanding of the application of all governance mechanisms:

From the above analysis tables we find that:

1. There is a strong relationship between the dependent and independent variable, where the value of the correlation coefficient is (0.91).
2. The coefficient of determination was high (0.82), meaning that (82%) of the variables were explained, and the remaining (18%) were unexplained and were due to external factors.
3. The value of (F) was (87.60) with high significance, which is greater than the tabular value of (9.63) and the degree of freedom (1.99).
4. The value of (t) was (9.16), which is also significant and greater than the tabular value of (2.326) for a level of significance (1%). and a degree of freedom (99).

The equation of the regression line was positive and as follows:

$$\hat{y} = 0.86 + 1.57 x$$

The equation indicates that the value of (β) is positive, which means that an increase of one unit in the independent variable leads to an increase of one unit with the same value of the

regression coefficient (1.57) in the dependent variable.

From the results of the above variance analysis for the axis (the importance of a clear understanding of the application of all corporate governance mechanisms in banks), we find that the members of the research sample have a full awareness of the importance of corporate governance mechanisms in banks, and therefore we reject the null hypothesis and accept the alternative hypothesis, which means that there is an effect of applying classification and measurement according to the financial reporting standard International (IFRS 9) in activating the mechanisms of corporate governance in the Iraqi economic units for the second axis of the respondents' answers.

The third axis: testing the indicators of the application of the International Accounting Standard for Financial Reporting No. (IFRS 9) and its reflection on the mechanisms of corporate governance. The results of the analysis are as in the following table, where (yi) represents the dependent variable, which is the application of the international accounting standard, and (xi) represents the independent variable. It is a reflection of the standard on corporate governance mechanisms:

Table (8): Testing the indicators of the application of the International Accounting Standard for Financial Reporting No. (IFRS 9) and its reflection on the mechanisms of corporate governance

β	R^2	F	indication	r	indication	t	accept (reject) the hypothesis
1.98	0.85	63.23	The relationship is moral	0.92	moral connection	10.77	Reject the null hypothesis and accept the alternative hypothesis

From the above analysis tables we find that:

1. There is a strong relationship between the dependent and independent variable, where the value of the correlation coefficient is (0.92).
2. The coefficient of determination was high (0.85), meaning that (85%) of the variables were explained, and the remaining (15%) were unexplained and were due to external factors.
3. The value of (F) was (23.63) with a high significance, which is greater than the

tabular value of (9.63) for the degree of freedom (F(0.99,1,99 x)).

4. The value of (t) was (10.77), which is also significant and greater than the tabular value of (2.326) for a level of significance (1%).

The equation of the regression line was positive and as follows:

$$\hat{y} = 1.37 + 1.98 x$$

The equation indicates that the value of (β) is positive, which means that an increase of one unit in the independent variable leads to an increase of one unit with the same value of the regression coefficient (1.98) in the dependent variable.

From the results of the above variance analysis for the axis (indicators of the application of the International Accounting Standard for Financial Reporting No. (IFRS 9) and its reflection on the mechanisms of corporate governance), we find that there is an application in the research sample of the international accounting standard (IFRS9) in banks, due to the directives and obligations that the Central Bank of Iraq placed on banks. Therefore, we reject the null hypothesis and accept the alternative hypothesis. This means that there is an effect of applying classification and measurement according to the International Financial Reporting Standard (IFRS 9) in activating the mechanisms of corporate governance in the Iraqi economic units for the third axis of the respondents' answers.

Conclusions and recommendations

conclusions

1. One of the reasons for the emergence of corporate governance is the lack of full disclosure and transparency with regard to accounting and non-accounting information for many companies, and the lack of attention to the application of accounting principles that achieve disclosure and transparency, as well as the lack of accounting information showing the reality of the financial conditions of companies, which leads to a lack of confidence in information Accounting included in the financial reports.
2. Sound governance is the fortified wall that protects the unit from these crises, achieves the best return on investments, reduces the cost of capital, enhances investor confidence, and enhances economic growth.
3. In light of the answers of the sample members, it was found that there are only (30%) of the employees who have taken

courses in international accounting standards, and this in turn is reflected in the capabilities and experiences of the owners in banks, especially since the sample members are from accounting specialties and workers in banks.

4. The results of the analysis for the first axis showed (the importance of accounting standards for financial reporting (financial tools) in improving the quality of banks' performance), which obtained a contribution ratio of (0.960), the total intrinsic value (10.001), the factor variance ratio amounted to (7.142) and the cumulative ratio reached (65,798) and it ranked first among the axes, and this shows that there is awareness among the sample members of the importance of accounting standards (for financial instruments) in banking work.

5. In light of the results of the analysis for the third axis (indicators of the application of the International Accounting Standard for Financial Reporting No. (IFRS 9) and its reflection on corporate governance mechanisms), which obtained a contribution ratio of (3.832), and the total intrinsic value (12.33), the factor variance ratio reached (13.318).), and the cumulative percentage amounted to (73.231), and this axis ranked second, and this shows the importance of applying the International Accounting Standard (IFRS9) among the sample members.

6. The results of the analysis showed for the second axis (the importance of a clear understanding of the application of all corporate governance mechanisms in banks), which obtained a contribution ratio of (3.815), the total intrinsic value (12,332), the factor variance ratio amounted to (13.318), and the cumulative ratio reached (73,838), This axis ranked second, and this indicates that there is a weakness in the understanding of all corporate governance mechanisms among the sample members.

7. The results of the analysis showed that there is a strong relationship between the dependent and independent variable, where the value of the correlation coefficient was (3.94), and the coefficient of determination was high

(3.89), meaning that (89%) of the variables were explained and the remaining (11%) were unexplained and return To external factors such as the lack of development of employees and their participation in international accounting standards courses, and the weak understanding of corporate governance mechanisms.

Recommendations

1. The adoption of international accounting standards by the Accounting and Regulatory Standards Board in Iraq and the obligation of local banks, especially those listed in the Iraq Stock Exchange, to apply them when preparing their financial statements because this gives them greater credibility and reliability and allows comparing their activity with that of banks that apply these standards.

2. Developing the unified accounting system for banks in line with international and local accounting standards, because this would give credibility and fairness to the financial statements from the point of view of their users and at the same time fit with the requirements of the current economic stage.

3. Commitment to the International Accounting Standard (IFRS9) regarding financial instruments, classification and measurement because of its importance in increasing the effectiveness of corporate governance mechanisms.

4. The need for banks to seek to review capital adequacy requirements and evaluate their business models to meet the challenges of future planning for capital in accordance with the International Accounting Standard (IFRS9), which is reflected positively on activating corporate governance mechanisms.

5. The need to work on developing the accounting staff in the research sample banks and to involve them in courses for international accounting standards and corporate governance mechanisms.

6. Banks prepare an annual report that includes the extent of their commitment to international accounting standards, especially the International Accounting Standard (IFRS9),

Financial Instruments, which would enhance corporate governance mechanisms.

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