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## The impact of accounting disclosure in accordance with IFRS 9 requirements on bank governance: An applied study on a sample of commercial banks

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### Abstract

The current research aims to examine the impact of accounting disclosure in accordance with IFRS 9 requirements on bank governance. To achieve this objective, the study focuses on the Iraq Stock Exchange, specifically the banking sector, by analyzing two commercial banks (Iraqi Credit Bank and Asia Iraq Bank) over a period of two years. The study relies on key financial indicators, including investment volume, loans, capital adequacy, and expected loss value, alongside bank governance mechanisms such as the board of directors, transparency and disclosure, and capital adequacy. To analyze the results, the study employs the statistical program SPSS to examine the relationship between the research variables and test its hypothesis. The findings indicate a statistically significant impact of accounting disclosure in accordance with IFRS 9 on the governance of the banks under study. Consequently, the results suggest that IFRS 9 enhances transparency and accountability in bank governance and facilitates corporate performance assessment, enabling more informed decision-making.

**Keyword:** Accounting disclosure, IFRS 9 financial reporting standard, bank governance

### Introduction

Following Iraq's economic openness after 2003 and the subsequent developments in foreign and domestic investment, the need for accounting disclosure that aligns with the nature of business operations and international accounting standards has become increasingly evident. This necessity is particularly emphasized under the requirements of IFRS 9, which is adopted by most global corporations and international banks that adhere to International Accounting Standards. The banking sector, one of the fastest-growing economic sectors, deals with various financial scenarios. Therefore, accounting disclosure in accordance with IFRS 9 plays a crucial role in activating bank governance mechanisms. The philosophy behind this standard is to establish principles for financial reporting concerning financial assets and liabilities, providing relevant and valuable information to financial statement users. This information aids in assessing future cash flow amounts, timing, and uncertainties. Additionally, governance has become a fundamental approach that institutions must adhere to as much as possible to enhance customer trust and confidence in the banking sector.

### Section One: Scientific Research Methodology

#### First: Research Problem

Disclosure is one of the primary functions of accounting, aiming to determine the impact of accounting disclosure on enhancing the efficiency and quality of financial information presented in the financial statements of banks listed on the stock exchange. The absence of adequate accounting disclosure hinders the effective implementation of bank governance, particularly in the Iraqi banks under study. Moreover, the failure of many companies to recognize the importance of governance and their reluctance to implement governance principles result in concealing critical financial information, which directly and indirectly affects the financial position of the company.

Accordingly, this research seeks to address the following key questions:

1. Does accounting disclosure in accordance with IFRS 9 mitigate contemporary

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challenges?

2. Does IFRS 9 ensure sufficient accounting disclosure for financial statement users?
3. Does the level of disclosure in publicly traded companies affect corporate governance?
4. Does accounting disclosure under IFRS 9 play an effective role in bank governance?

**Second: Research Significance**

The significance of this study stems from the importance of its variables, as it highlights two critical gaps that distinguish it from previous research on similar topics. Unlike earlier studies that primarily examined accounting disclosure in bank governance by comparing it with other variables, this study uniquely focuses on integrating accounting disclosure in accordance with IFRS 9 to enhance bank governance mechanisms. Previous studies have often overlooked the necessity of combining IFRS 9 disclosure requirements with governance principles, despite their potential role in strengthening governance frameworks. Therefore, this research places a strong emphasis on adopting IFRS 9 as a contemporary mechanism, particularly relevant to service sectors such as banking, which face significant challenges in implementing effective governance. Additionally, this study seeks to bridge the existing knowledge gap by combining accounting disclosure with governance activation—an approach widely recommended by prior research.

**Third: Research Objectives**

1. Highlighting the significance of the impact of accounting disclosure following IFRS 9 on bank governance.
2. Understanding accounting disclosure under IFRS 9.
3. Identifying the key factors influencing accounting disclosure.
4. Examining the main requirements of IFRS 9 in Iraqi commercial banks.

**Fourth: Research Hypotheses**

- There is a statistically significant impact of accounting disclosure in accordance with IFRS 9 on bank governance for the period 2021\_2022.
- There is a statistically significant impact of accounting disclosure in accordance with IFRS 9 on the Board of Directors for the period 2021\_2022.
- There is a statistically significant impact of accounting

disclosure in accordance with IFRS 9 on transparency and disclosure for the period 2021\_2022.

- There is a statistically significant impact of accounting disclosure in accordance with IFRS 9 on capital adequacy for the period 2021\_2022.

**Fifth: Research Methodology**

To achieve the aforementioned research objectives and test the proposed hypotheses as a means of addressing the research problem, the study relies on the following scientific approaches:

1. **Theoretical Aspect:** The positivist inductive approach is employed to present and analyze the research variables by referencing books, previous studies, published research papers, journals, and relevant electronic sources.
2. **Practical Aspect:** The deductive approach measures the research variables and tests the hypotheses by applying accounting disclosure in the financial statements of the selected Iraqi commercial banks.

**Sixth: Research Variables**

- **Independent Variable:** Accounting disclosure in accordance with IFRS 9 requirements.
- **Dependent Variable:** Bank governance.

**Seventh: Research Scope**

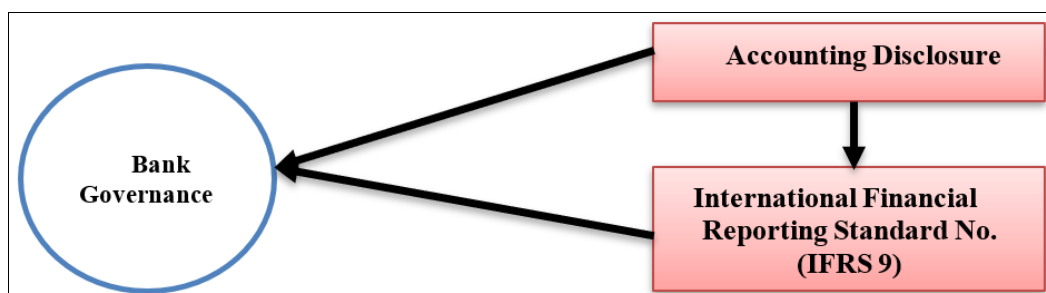
The research scope consists of the following:

1. **Spatial Scope:** The study focuses on Iraqi commercial banks listed on the Iraq Stock Exchange, particularly on the selected sample bank.
2. **Temporal Scope:** The research covers the period from 2021 to 2022. This timeframe was chosen because it is relatively recent and reflects the financial data of Iraqi commercial banks that provide the necessary information for analysis.

**Eighth: Hypothetical Research Model**

In light of the research problem and to achieve its objectives, the researcher has developed a proposed conceptual model to examine the relationship between the study variables. The model relies on the following:

- **Independent (Explanatory) Variable:** Accounting disclosure in accordance with IFRS 9 requirements.
- **Dependent Variable:** The activation of bank governance mechanisms.



Source: Prepared by the Researcher

Fig 1: Hypothetical Research Model

## Section Two: Theoretical Framework of the Research

### First: The Concept of Accounting Disclosure

Disclosure, in general, has been defined as the transmission of knowledge or the transfer of information from its source to the point of utilization (Stocken, 2013) <sup>[23]</sup>. In other words, disclosure represents the process of presenting financial information, whether quantitative or qualitative, in financial statements, footnotes, complementary tables, and reports promptly. This ensures that financial statements are not misleading and remain relevant for external users accessing the company's books and records (Reza *et al.*, 2018) <sup>[4]</sup>. According to another definition, disclosure refers to the distribution or flow of information from its source to its use (Baqas *et al.*, 2018) <sup>[1]</sup>. In other words, this process of disclosing financial information, numerical or descriptive, in financial reports, notes, and supplementary tables at the right time (Shukor *et al.*, 2011) <sup>[21]</sup>. This ensures that financial statements are transparent, non-deceptive, and appropriate for outside audience members who can see the organization's records (Al-Akra *et al.*, 2010) <sup>[8]</sup>. Accounting disclosure is a process that provides accounting information and is performed by the accountant. It is important for the entire economic society because it contains the relevant information that mitigates uncertainty to guide said agents to make good economic and financial decisions. (Al-Tahat, 2015) <sup>[10]</sup>.

Additionally, accounting disclosure has been described as the publication and transparency of financial data in financial statements, ensuring that no significant or useful information is withheld from investors. However, it should also avoid excessive detailing of all project-related information, as this could lead to higher costs for preparing financial statements than the benefits gained (Adlan, 2018) <sup>[7]</sup>. Accounting disclosure is also seen as the presentation of valuable and sufficient accounting information through financial reports that depict economic and financial events and their related impacts on decision-making. These reports provide essential information to users for making investment or financing decisions (Al-Khalifawi, 2022) <sup>[3]</sup>. Moreover, accounting disclosure reflects business performance through financial indicators such as profitability, serving as a key support for the various operations undertaken by a company. It also assesses managerial efficiency in utilizing resources optimally to generate profits and determines whether these profits align with the company's strategic objectives (Almatarneh *et al.*, 2021) <sup>[9]</sup>.

### Second: The Importance of Accounting Disclosure

Disclosure emerged as a necessity due to the separation of ownership from management, as various stakeholders with current and future interests in business entities require information to support their decision-making. Since it is impractical for them to directly access company records and financial statements, disclosure plays a crucial role in providing them with the necessary data (Honggowati *et al.*, 2017) <sup>[16]</sup>. An explanation of the relevance of the concept of disclosure is its usefulness in decreasing user uncertainty through adequate information regarding the entity, which can then help them make reasonable decisions (Shukor *et al.*, 2011) <sup>[21]</sup>. So, accounting disclosure is not just a result but a technique for sharing and reporting financial &

operational data to stakeholders at the right time (Pavlopoulos *et al.*, 2019) <sup>[19]</sup>. Accounting disclosure is significant as it gives the needed information for assisting users of financial statements to make wise decisions that fulfill the following advantages (Saleh, 2020) <sup>[5]</sup>:

- a) **Facilitating Fair Stock Pricing in Financial Markets:** Disclosure helps reduce uncertainty regarding investment decisions, encouraging savers to provide funds to investors. The availability of unbiased information enhances market transparency.
- b) **Reducing Information Asymmetry:** Periodic disclosure of financial information minimizes information asymmetry, which internal stakeholders can otherwise exploit to gain unfair advantages.

### Third: Objectives of Accounting Disclosure

Accounting disclosure aims to achieve several key objectives, including the following (Saleh, 2020; Barnali, 2016; Abdel-Majid, 2018) <sup>[5, 12, 6]</sup>:

1. **Describing Recognized Elements and Providing Relevant Measurements:** Disclosure presents financial measurement criteria beyond those used in financial statements, such as fair value estimation in the balance sheet.
2. **Reducing Information Asymmetry:** The primary goal of disclosure is to reduce information inconsistency, which could lead to market failures if companies are required to disclose relevant information about their operations.
3. **Providing Information for Risk Assessment:** Disclosure helps investors and creditors evaluate risks and probabilities associated with recognized and unrecognized financial elements.
4. **Facilitating Comparability:** It offers essential financial information that allows users of financial statements to compare economic activities over different years.
5. **Assisting Investors in Decision-Making:** Disclosure provides useful financial insights to support investors in making well-informed economic decisions.
6. **Guiding Investment Decisions for Optimal Resource Allocation:** Financial statements should include relevant information to help users allocate their savings toward investments with real, sustainable returns, ensuring an optimal distribution of limited economic resources.
7. **Enhancing Transparency and Avoiding Misleading Information:** Proper disclosure eliminates ambiguity and prevents the misrepresentation of accounting data.
8. **Meeting External Users' Information Needs:** The needs of external stakeholders for financial information can be effectively addressed through a set of general-purpose financial statements.

### Fourth: The Concept of Bank Governance

Governance is a number of relationships between managers, a board of directors, shareholders, and others interested in the institution (Bouhen & Ammi, 2015) <sup>[12]</sup>. It includes the entire body of laws, regulations, and decisions to ensure the quality and excellence of performance by choosing the best and best way to carry out the relevant institution plans and goals (Liem, 2016) <sup>[17]</sup>. Governance is

defined as properly directing businesses and commercial establishments to avoid taking advantage of consumers and safeguarding organizations against extinction (Piroska & Podvršič, 2020) <sup>[20]</sup>. The system is designed to develop equilibrium and stability in financial institutions thus making governance a systematic concept in today's economics to be capable of appropriate monitoring and supervision of financial institutions (Zuhroh, 2022) <sup>[24]</sup>.

It is also described as a framework of mechanisms implemented to mitigate agency problems and manage risks of an institution. This refers to institutional and market-based mechanisms that would discourage bank decision-makers from acting in ways that do not maximize the bank's value for its owners (Sarah, 2017) <sup>[21]</sup>. It is alternatively defined as a web of relationships among a bank's management, the board of directors, its shareholders, its creditors and other stakeholders such as employees, customers, suppliers and the wider-community (Madhani, 2009) <sup>[18]</sup>. Since banks usually encounter distinctive agency issues generated by information asymmetry amongst stakeholders, the governance topics provides a foundation for setting bank objectives, outlining plans for obtaining them and keeping an eye on overall performance (Andries & Brown, 2017; Gancarczyk *et al.*, 2022) <sup>[11, 15]</sup>.

Moreover, governance refers to strategic plans and choices made by executive directors, focusing on gaining institutional performance, especially a financial outcome (Figuigui & Machrouh, 2020) <sup>[14]</sup>. Governance, in a nutshell, brings in the 'quality', 'continuity', 'efficiency' and 'effectiveness' in any one operational departments of banking functions through a mechanism of control and transparency which builds up trust and thus promotes engagement with the bank. (Zuhroh, 2022) <sup>[24]</sup>.

#### **Fifth: The Importance of Bank Governance**

The significance of corporate governance at the banking level has been developed as a set of rules and regulations designed to protect capital, enhance strategic efficiency, and increase shareholder profitability. It ensures reliable and trustworthy financial reporting, enabling market participants to make informed investment decisions. Bank governance establishes rules and regulations for all integrated organizational activities, ensuring high value, performance, efficiency, profitability, and quality. These activities include marketing, promotion, finance, economics, and accounting (Figuigui & Machrouh, 2020) <sup>[14]</sup>.

The importance of bank governance can be summarized in the following points (Zuhroh, 2022) <sup>[24]</sup>:

1. **Enhancing Bank Stability:** The quality of governance plays a critical role in ensuring the financial soundness of banks. Implementing effective governance in financial institutions remains crucial due to the banking sector's role in mobilizing funds, allocating credit to deficit sectors in the economy, managing payment systems, and executing monetary policy.
2. **Maintaining Public Trust:** Governance helps retain public confidence, as even strong economies can collapse quickly if they lack transparent oversight, responsible bank boards, and shareholder rights. Investor confidence is essential for financial stability.

3. **Strengthening Institutional Management:** Banks play a crucial role in managing large corporations, acting as key creditors and major shareholders in these entities. Effective governance ensures that banks influence corporate management responsibly.
4. **Enhancing Capital Mobilization and Allocation:** Banks with sound governance mechanisms are more likely to raise capital at lower costs and efficiently allocate society's savings, ensuring prudent financial management and stability.
5. **Driving Economic Growth:** Well-governed banks contribute significantly to economic growth. By efficiently mobilizing and allocating funds, they reduce businesses' cost of capital, accelerate capital accumulation, and stimulate sustained economic expansion.

#### **Sixth: Objectives of Bank Governance**

Governance aims to enhance shareholder confidence in the bank, which in turn helps achieve the maximum benefits for which the institution was established (Piroska & Podvršič, 2020) <sup>[20]</sup>. It also encourages investors to invest and motivates others to do the same, including board members, managers, and shareholders.

Bank governance seeks to achieve a range of objectives that contribute to improving the overall performance of banks, enhancing service quality, and building trust in the banking institution. The key objectives of governance can be summarized as follows (Zuhroh, 2022) <sup>[24]</sup>:

1. **Transparency:** Governance ensures clarity and the reduction of uncertainty, fostering trust in the bank and enhancing its reputation and credibility.
2. **Responsibility:** This refers to the ethical and professional behavior of the bank's executive management and board of directors. Responsible management enhances productivity and strengthens public confidence in the institution.
3. **Equity:** Governance ensures that small investors are not deprived of their legal rights, including accountability, voting rights, constructive criticism, and participation in the general assembly. A shareholder with a single share is granted the same rights as a major investor with millions of shares in these matters.
4. **Accountability:** The management is held accountable for its actions, ensuring a balance between management's interests and shareholder expectations. This accountability fosters a culture of responsibility and aligns decision-making with shareholder interests.

### **Section Three: The Applied Aspect of the Research**

#### **First: Calculating Expected Credit Losses**

##### **1. Iraqi Credit Bank**

The bank developed its business model based on the implementation plan for IFRS 9, which determines the credit balance percentage and the financial instruments subject to the standard's application (e.g., stocks, corporate Murabaha, individual Murabaha). The expected credit loss (ECL) calculation follows the three-stage approach, as presented in the tables below.



**Table 1:** Calculation of Expected Credit Losses Across the Three Stages for Iraqi Credit Bank\

Iraqi Credit Bank	2021	2022
Probability of Default - Stage 1	615,785,12	548,157,681
Probability of Default - Stage 2	9,123,658	64,518,897
Probability of Default - Stage 3	9,289,565	5,487,612
Total	799,917,35	667,552,190

The results in Table (1) indicate that the highest probability of default for Iraqi Credit Bank was 667,552,190 in 2022, whereas the lowest probability of default was 79,991,735 in 2021. This suggests that the bank had the necessary capabilities in 2020 to implement the IFRS 9 financial reporting standard. However, the bank experienced financial deterioration in the following years, as evidenced by the decline in its annual performance indicators.

**2. Asia Iraq Bank**

Asia Iraq Bank developed its business model based on the IFRS 9 implementation plan to determine the credit balance percentage and financial instruments subject to the standard. These include: Corporate Murabaha, Gold Collateral Financing, Individual Murabaha, Letters of Guarantee. The table below presents the Expected Credit Loss (ECL) calculations across the three stages for Asia Iraq Bank.

**Table 2:** Calculation of Expected Credit Losses Across the Three Stages for Asia Iraq Bank

Asia Iraq Bank	2021	2022
Probability of Default - Stage 1	3,986,815,764	35,468,745
Probability of Default - Stage 2	199,436,784	5,845,764,475
Probability of Default - Stage 3	189,548,873	6,648,875,497
Total	4,375,801,421	12,530,108,717

**Table 3:** Amount of Loans Granted by Iraqi Credit Bank Over the Study Period

Year	Loans (Billion Dinars)	Relative Importance	Relative Importance Rank
2021	14,162,9918	0.225	2
2022	17,584,2936	0.280	1
Total	31,747,2854		
Average	15,873,6427		

**2. Asia Iraq Bank**

The results in Table (4) indicate that in 2022, Asia Iraq Bank achieved the highest relative importance in loan

**Table 4:** Amount of Loans Granted by Asia Iraq Bank Over the Study Period

Year	Loans (Billion Dinars)	Relative Importance	Relative Importance Rank
2021	12,700,254,274	0.201	2
2022	18,910,940,217	0.299	1
Total	31,611,195,049		
Average	15,805,597,524		

**B. Transparency**

Transparency is measured by the level of disclosure, which refers to the process of revealing essential financial and non-financial information relevant to investors, stakeholders, and other interested parties. Disclosure occurs periodically (at predetermined financial reporting periods) or immediately upon the occurrence of a significant event. This ensures that all relevant information is made available to all parties simultaneously, preventing any entity from exploiting the

The results in Table (2) indicate that the highest probability of default for Asia Iraq Bank was 4,375,801,421 in 2021, whereas the lowest probability of default was 12,530,108,717 in 2022. This suggests an almost complete implementation of the IFRS 9 financial reporting standard within the bank. This implementation is reflected in the recognition of financial assets in the bank’s balance sheet and the stability of purchase and sale transactions of these assets. These observations align with the data presented in the 2021 balance sheet, confirming the bank’s compliance with IFRS 9 standards.

**Second: Analysis of Governance Mechanisms**

**A. Board of Directors Classification Based on Loans**

The classification of the Board of Directors is based on the amount of loans granted by the bank over the study period. The higher the loan percentage, the lower the interest rate, affecting personal loans.

**1. Iraqi Credit Bank**

The results in Table (3) indicate that in 2022, the bank achieved the highest relative importance in loan distribution, with a relative importance value of (0.280), followed by 2021, which recorded a relative importance of (0.225).

distribution, with a relative importance value of (0.299), followed by 2021, which recorded a relative importance of (0.201).

information before others.

**1. Iraqi Credit Bank**

The results in Table (5) indicate that in 2022, the bank achieved the highest relative importance in investment volume, reaching (0.201). The table also reveals variations in the bank’s investment volume over different years. The lowest relative importance was recorded in 2021, with a value of (0.056).

**Table 5:** Investment Volume for Iraqi Credit Bank Over the Study Period

Year	Investments (Billion Dinars)	Relative Importance	Relative Importance Rank
2021	1,794,484,065	0.056	2
2022	6,487,630,176	0.201	1
Total	8,281,847,241		
Average	4,140,923,912		

**2. Asia Iraq Bank**

The results in Table (6) indicate that in 2022, the bank achieved the highest relative importance in investment volume, reaching (0.022). The table also shows bank

investment volume variations over different years. The lowest relative importance was recorded in 2021, with a value of (0.006).

**Table 6:** Investment Volume for Asia Iraq Bank Over the Study Period

Year	Investments (Billion Dinars)	Relative Importance	Relative Importance Rank
2021	1,168,953,729	0.006	2
2022	4,423,114,972	0.022	1
Total	5,592,068,701		
Average	2,796,034,351		

**C. Capital Adequacy**

Capital adequacy indicators are among the international standards used to measure credit risk. These indicators are essential for protecting depositors and enhancing the stability and efficiency of financial systems.

**1. Iraqi Credit Bank**

Table (7) shows that the average capital adequacy over the study period was (113.95). The highest capital adequacy was recorded in 2022, reaching (0.072). The other years showed varying capital adequacy ratios.

**Table 7:** Capital Adequacy of Iraqi Credit Bank Over the Study Period

Year	Capital Adequacy (%)	Relative Importance	Relative Importance Rank
2021	143.8	0.315	1
2022	33	0.072	2
Total	177		
Average	88		

**2. Asia Iraq Bank**

Table (8) shows that the average capital adequacy over the study period was (215%). The highest capital adequacy was recorded in 2022, with a relative importance of (0.274),

while the lowest capital adequacy was in 2021, with a relative importance of (0.256). The other years showed varying capital adequacy ratios.

**Table 8:** Capital Adequacy of Asia Iraq Bank Over the Study Period

Year	Capital Adequacy (%)	Relative Importance	Relative Importance Rank
2021	55	0.256	2
2022	59	0.274	1
Total	114		
Average	57		

**Third: Hypothesis Testing**

**1. Iraqi Credit Bank**

The impact of independent variables on the Bank Governance Index and the Board of Directors, based on loans, transparency, and capital adequacy. Based on the

results in the table below, it is possible to test the impact of IFRS 9 accounting disclosure standards on the governance mechanisms index, including the Board of Directors, loans, transparency, and capital adequacy.

**Table 9:** Estimated Coefficients for the Linear Regression Model Between Independent and Dependent Variables for Iraqi Credit Bank

Dependent Variable Independent Variable	Corporate Governance Index			F-Value (F) Computed	Sig
	Beta (β) Value	T-Value (T)	Sig		
Constant limit	2.5623	3.6742	0.2734	3.6742	0.2734
Accounting Disclosure According to IFRS 9	1.1892	4.6034	0.0000		
Accounting Measurement According to IFRS 9	1.5630	4.6723	0.0000		
R <sup>2</sup> = 0.3452 (Adjusted R <sup>2</sup> = 0.3602)					
<b>Board of Directors Index Based on Loans</b>					
Constant limit	1.0046	1.7823	0.3513	8.6722	0.0000
Accounting Disclosure According to IFRS 9	1.0355	5.8932	0.0000		

Accounting Measurement According to IFRS 9	1.6368	5.7235	0.0000		
$R^2 = 0.4185$ (Adjusted $R^2 = 0.4372$ )					
<b>Transparency Index</b>					
Constant limit	.18922	2.1834	0.0762	9.6745	0.0000
Accounting Disclosure According to IFRS 9	1.6734	4.5823	0.0000		
Accounting Measurement According to IFRS 9	1.8943	3.6925	0.0000		
$R^2 = 0.5219$ (Adjusted $R^2 = 0.5451$ )					
<b>Capital Adequacy Index</b>					
Constant limit	1.3571	4.6771	0.0000	8.5621	0.0000
Accounting Disclosure According to IFRS 9	1.7834	4.8934	0.0000		
Accounting Measurement According to IFRS 9	1.1945	5.5634	0.0000		
$R^2 = 0.5581$ (Adjusted $R^2 = 0.5729$ )					

**2. Asia Iraq Bank**

1. Impact of Independent Variables on Bank Governance, Board of Directors (Based on Loans), Transparency, and Capital Adequacy.

Based on the results presented in the table below, it is

possible to test the impact of IFRS 9 accounting disclosure standards on the Bank Governance Index, including the Board of Directors (based on loans), transparency, and capital adequacy.

**Table 10:** Estimated Coefficients for the Linear Regression Model Between Independent and Dependent Variables for Asia Iraq Bank

Dependent Variable Independent Variable	Corporate Governance Index			F-Value (F) Computed	Sig
	Beta (β) Value	T-Value (T)	Sig		
Constant limit	1.7342	2.6734	0.0634	11.7034	0.0000
Accounting Disclosure According to IFRS 9	1.0895	3.9563	0.0000		
Accounting Measurement According to IFRS 9	1.5630	4.5630	0.0000		
$R^2=0.3802$ Adjusted $R^2= 0.3635$					
<b>Board of Directors Index Based on Loans</b>					
Constant limit	1.5632	3.0467	0.0000	9.5823	0.0000
Accounting Disclosure According to IFRS 9	1.4824	5.5656	0.0000		
Accounting Measurement According to IFRS 9	0.8923	4.4581	0.0000		
$R^2=0.3946$ Adjusted $R^2= 0.3721$					
<b>Transparency Index</b>					
Constant limit	.16729	1.4532	0.2732	10.1289	0.0000
Accounting Disclosure According to IFRS 9	1.3934	4.8935	0.0000		
Accounting Measurement According to IFRS 9	1.8913	4.7834	0.0000		
$R^2=0.4856$ Adjusted $R^2= 0.4624$					
<b>Capital Adequacy Index</b>					
Constant limit	0.6834	2.7673	0.0031	10.6342	0.0000
Accounting Disclosure According to IFRS 9	2.8934	4.4056	0.0000		
Accounting Measurement According to IFRS 9	1.8453	4.5643	0.0000		
$R^2=0.3945$ Adjusted $R^2= 0.3755$					

**Conclusion**

1. Bank credit significantly impacts the economy by influencing growth dimensions. Economic prosperity depends on the growth achieved by financial institutions operating within the country. At the same time, bank credit serves as a tool affecting the size and level of the economy by either increasing inflation or causing economic contraction due to excessive credit issuance by banks. Therefore, credit should be balanced and aligned with the actual financing needs of the national economy to drive sustainable development.
2. The degree of credit risk is influenced by local, regional, and international economic conditions, as well as political and security situations, which impact all sectors of society.
3. Enhancing the quality of accounting information IFRS 9 contributes to improving the quality of financial information provided by companies by establishing detailed disclosure requirements for financial instruments and related financial links.

4. IFRS 9 supports the unification of international accounting standards, facilitating better understanding and comparability across different companies and industries.
5. Increasing corporate transparency IFRS 9 enhances corporate transparency and contributes to improved corporate governance. The standard requires companies to disclose relevant financial information in a more detailed manner, leading to greater accountability and clarity in financial reporting.

**Recommendations**

1. Full compliance with IFRS 9 requirements must achieve complete compliance with the International Financial Reporting Standard (IFRS 9) and disclose all required financial figures as per the standard's requirements.
2. Update measurement and reporting systems - As companies work to ensure their measurement and reporting systems are updated for IFRS 9 compliance,

they should be proactive in enhancing relevant procedures that help improve the usability of financial information.

3. Credit allocation towards sustainable development should follow the Ministry of Planning, the Central Bank, and specialized banks' development plans. This can stimulate various economic sectors and positively affect the expected credit risk evaluation.
4. Greater emphasis on 'International Financial Reporting Standards (IFRS)-As professionals need to know these standards; professors may consider integrating these subjects into their academic curriculum.
5. Mandatory training workshops and courses for accountants in listed banks - The listed banks of the Iraq Stock Exchange should conduct an intensive program of workshops and classes to develop the competence of accountants to apply the asset-liability approach to the way it has the role in accounting for the formulation of International Financial Reporting Standards IFRT.

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