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THE IMPACT OF APPLYING INTERNATIONAL STANDARD NINE ON THE QUALITY OF ACCOUNTING INFORMATION

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ABSTRACT

There is an increasing need to find professional institutions that sponsor the work of companies in the financial and accounting fields due to the changes and developments taking place in the economic environments. Hence, the International Accounting Standards Board - IASB, which includes many other sub-boards like the Financial Accounting Standards Board - FASB, has issued many scientific publications in financial and accounting fields. Furthermore, the International Accounting Standards Board, through its sub-boards, including the Financial Accounting Standards Board, has formulated several International Financial Reporting Standards (IFRS) to improve the quality of financial reporting and the transparency of the information it contains in a globally applicable and accepted manner. This information would reflect the current situation of economic institutions in terms of performance and financial position in response to changes in economic environments, and to meet the needs of This framework will be applied consistently across transactions, industries, and capital markets to improve the comparability of financial data between economic institutions operating in the same sector globally and within a comprehensive, unified, and stable framework.

KEYWORDS: Economic environments, Financial Accounting Standards Board, has formulated several International Financial.



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INTRODUCTION

As for improving the quality of accounting information, one of the main tasks of the International Accounting Standards Board is to improve... The quality of information in financial reports and providing relevant and valuable information to users and decision-makers through convergence efforts between international financial reporting standards and accepted accounting principles.

1-2- The importance of research

The importance of the research comes from the fact that bank credit strategies have a very excellent specificity in the process of disclosure and presentation in the financial statements due to the resulting future risks to the financial position of banks and, thus, to the entire economy. Since the repercussions of the economic crisis that has swept the world until now, the reasons have led to the shortcomings of the Standard. International Accounting No. (39) and the difficulty he faced in disclosing expected credit risks and recognizing credit losses on financial instruments.

The need arose to issue the final draft of the International Standard (IFRS9), which carries significant amendments and multiple impacts on businesses in general and the work of the banking sector. This study attempts to identify the implications and challenges accompanying the application of the International Standard (IFRS9) on bank credit strategies.

1-3- Research problem

The problem of the research is the delay in recognizing credit losses and waiting until they occur, which is the main focus of the occurrence of financial crises that banks and financing entities may be exposed to. As an attempt to address this problem, the Standard (IFRS9) was issued, which includes many variables related to the classification and measurement of financial assets, between measurement by value Fair value and amortized cost, as well as the introduction of

a model for expected credit losses (ECL) that requires calculating provisions for expected debts before they occur.

1-4- Research objectives

The impact of applying International Standard 9 on the quality of accounting information is a topic of interest to many researchers and those interested in accounting. Through the results found in the research and enhancing the comparability of accounting information, the application of International Standard 9 enhances the comparability of accounting information between companies and across periods. Accounting standards and concepts are standardized, facilitating the process of financial comparison and analysis. The following objectives can be summarized for applying International Standard 9 on the quality of accounting information :

1- Evaluation of the International Accounting Standard IFRS 9: The application of the International Accounting Standard 9 aims to evaluate and classify financial assets and estimate their expected losses. The quality of accounting information is improved through the application of this Standard, which provides a more accurate and comprehensive accounting framework for evaluating financial assets

2- Improving the suitability of accounting information: International Standard 9 works to improve the suitability of accounting information in financial statements. Financial assets are classified according to the expected credit loss (ECL) model, which contributes to providing more accurate and appropriate accounting information.

3- Increasing the reliability of accounting information: Applying International Standard 9 contributes to increasing the reliability of accounting information related to estimating expected losses for financial assets. More accurate and reliable accounting information is

provided to internal and external users.

4—Improving the timeliness of accounting information: International Standard 9 aims to improve the timeliness of accounting information. By effectively classifying financial assets and estimating expected losses, timely information is provided for economic decision-making.

1-5- Research hypothesis

Many studies have discussed the hypothesis of the impact of applying IFRS 9 on the quality of accounting information. Below, we review some significant results from these studies :

1- Applying International Financial Reporting Standard No. 9 has a statistically significant effect. (9) on the appropriateness of accounting information in the financial statements.

2- There is no statistically significant effect of applying International Financial Reporting Standard No. (9) on the reliability of accounting information, the timeliness of accounting information, the comparability of accounting information, the symmetry of accounting information, and the measurability of accounting information in the financial statements.

1-6 Previous studies

- A study by Abdul Hamid Ahmed Shaheen and Rajab Muhammad Imran Ahmed Al-Baghdadi (2020)

This study aimed to enhance the accounting measurement of credit risks in Egyptian commercial banks by the requirements of Basel 111 and Standard (9) IFRS entitled Financial Instruments - Recognition and Measurement. This study also attempts to analyze and evaluate the extent of Egyptian commercial banks' knowledge and awareness of the requirements, supervisory principles and accounting controls of international accounting standards related to By measuring and evaluating credit risks, this study revealed that banks are reasonably aware of the requirements of the expected credit loss model, as well as the regulatory directives and guidelines related to the practices of measuring expected credit losses. It also concluded that banks increased the limit of provisions for credit losses in 2018 compared to the previous year to form a risk reserve in accordance with the International

Reporting Standard. Finance (9) IFRS) entitled Financial Instruments - Recognition and Measurement.

- Abudlo's study (2021) entitled: The impact of applying the International Financial Reporting Standard for Financial Reporting No. (9) Financial Instruments on the quality of information Accounting for Jordanian insurance companies.

The study aimed to identify the impact of applying International Financial Reporting Standard No. (9) on the financial statements of Jordanian insurance companies listed on the Amman Stock Exchange through the statement of financial position as measured by retained earnings. In order to achieve income and achieve the objectives of the study, the descriptive approach and the analytical approach were relied upon. This is based on the financial statements of Jordanian insurance companies listed on the Amman Stock Exchange for the period from 2015 to 2020. The study sample represented (23) insurance companies that were classified into four groups based on the number of expected credit loss items followed in applying the Standard. Tests for independent samples to test the study hypotheses. The results of the study showed that there is no statistically significant impact of applying International Financial Reporting Standard No. (9) on the income statement of Jordanian insurance companies listed on the Amman Stock Exchange. Rather, the impact of applying International Financial Reporting Standard No. (9) lies In the year of application, December 1, 2015, on the opening balances of retained earnings for the year 2015, Jordanian insurance companies listed on the Amman Stock Exchange.. The study came out with a set of recommendations, perhaps the most prominent of which is unifying the expected credit loss model for Jordanian insurance companies listed on the Amman Stock Exchange. This is to provide appropriate and comparable information to Jordanian insurance companies, and the necessity of having regulatory legislation on the determinants and data related to the credit rating of the expected credit loss model. For Jordanian insurance companies

- 2 Medulli's study (2021) entitled: The impact of voluntary disclosure on the financial performance of companies in light of the adoption of international financial reporting standards (IFRS) (study Test on companies listed on the Egyptian Stock Exchange)

The study aims to demonstrate the impact of voluntary disclosure on the financial performance of companies in light of the adoption of the application of international financial reporting standards in companies listed on the Egyptian Stock Exchange. The study was based on the analytical descriptive approach to achieve its goal. In addition to the financial statements of Egyptian companies listed on the Egyptian Stock Exchange (2012-2018), which numbered about (26) non-financial companies, the results of the study showed that companies are greatly concerned with voluntary disclosure, and the level of disclosure has increased after the application of international financial reporting standards in... Egyptian companies, as voluntary disclosure and the application of international financial reporting standards have had a positive impact on the financial performance of companies, and the study recommended several recommendations, including: educating companies about conducting more voluntary disclosure that explains the company's various activities because of its effective impact in interpreting companies' financial performance. It also recommends that the competent authorities switch to fully applying international financial reporting standards because of their effective impact in interpreting companies' financial performance and to benefit from the advantages of applying multiple standards, especially in the growth phase of the Egyptian economy. Scientific addition: This study sought to study the impact of both voluntary disclosure and adopting the application of international financial reporting standards on the financial performance of companies, represented by return on assets, return on equity, and the turnover ratio of total assets.

- 3 Al-Sayed's study (2021) entitled: The impact of applying the International Financial Reporting Standard (IFRS 9) on improving the

financial performance of Egyptian commercial banks.

The study aimed to demonstrate the impact of applying the expected credit loss model of the International Financial Reporting Standard (IFRS) (9) in reducing loan risks to improve financial performance in Egyptian banks, where all (13) Egyptian local commercial banks were identified, and the researcher also followed the applied study. Through the use of statistical analysis of data This test was the theoretical framework for this research to complete the goal of the study. Users of financial statements also explained that it conflicts with the way companies manage their business and risks. The study showed that there were statistically significant differences in credit risk indicators, credit quality, and risk indicators after applying the expected credit loss model. When applying International Accounting Standard (9), the study also recommended that the Central Bank establish clear foundations for determining model allocations Expected credit losses according to the Standard.

- 4 Metwally and Ali (2021) study entitled: The role of accounting standards in developing governance mechanisms with the aim of reducing the risks of litigation against auditors, with a field survey

The study aimed to explain the role of accounting standards in developing governance mechanisms with the aim of reducing the risks of litigation against auditors by analyzing the relationship between accounting standards and the requirements for developing corporate governance mechanisms, in addition to explaining the role of accounting standards in reducing the number of cases against auditors, and to achieve the goal of the study. The study sample included companies listed on the Egyptian Stock Exchange. The sample size was about (112) observations, and the descriptive analytical approach was relied upon. The results of the study showed that there is a deficiency in financial reports in expressing corporate governance mechanisms and requirements, which led to an impact on the quality of financial reports for those companies on the Egyptian Stock Exchange. The

study recommended several recommendations, the most prominent of which are: It is necessary to apply international accounting standards based on clear basic rules, which in turn will reduce the risks of the number of lawsuits against auditors, and will have an impact on developments in financial reporting standards, with the need to focus on measuring The impact of these standards on the foundations, rules and requirements of corporate governance This test was the theoretical framework for this research to complete the goal of the study. Users of the financial statements also made it clear that it conflicts with the way companies manage their business and risks. The study showed that there were statistically significant differences in credit risk indicators, credit quality, and risk indicators after applying the expected credit loss model. When applying International Accounting Standard (9), the study also recommended that the Central Bank establish clear foundations for determining model allocations Expected credit losses according to the Standard.

- 5 study) Mojca gornjak , 2021 (

This study aimed to address accounting for financial instruments under the international Standard for preparation

Financial Reporting (IFRS 9) entitled Financial Instruments - Recognition and Measurement, the study focuses on three

The first two areas are the provision for expected credit losses and its impact on profits and losses

The second area is the probability of default and its impact on the expected credit loss model and the field

The third includes non-performing loans and their impact on capital requirements, and this study finds evidence Available does not allow the determination of the question of whether to apply the IFRS

(IFRS 9) entitled Financial Instruments - Recognition and Measurement has improved the approach to calculating losses Expected or not, as the application of the Standard is effective as of January 1, 2018 AD Insurance companies may delay the implementation of the International Financial Reporting Standard (IFRS 9) titled

Financial Instruments Recognition and measurement until the application of International Financial Reporting Standard (IFRS) (17) entitled Contracts Insurance. It also found that under the credit loss model, losses are recognized early, which means that banks must maintain additional buffer capital in good times in order to take into account the possibility of deterioration in macroeconomic indicators.

- 5 study (Fepriani Cristina and Dwi Martani , 2021 (

This study aimed to study the impact of applying the International Financial Reporting Standard (IFRS 9) entitled Financial Instruments - Recognition and Measurement on provisions for credit losses by conducting a comparative study between before applying the Standard and after applying the Standard. This study uses a sample of banks in Europe. This study concluded that the application of the International Financial Reporting Standard (IFRS 9) entitled Financial Instruments - Recognition and Measurement leads to a significant increase in the value of allowances for credit losses, which has an impact on regulatory capital. It also concluded that applying this Standard will help investors monitor the credit management carried out by banks and make sound decisions for their investments.

The second topic

What is the international standard IFRS9

International Standard IFRS9 is an international accounting standard related to the preparation of financial reports. It is characterized by the fact that it requires commercial banks and other financial companies to evaluate their financial assets in a manner consistent with the general framework for evaluation stipulated in the Standard. This Standard aims to improve the quality of financial information provided by commercial banks and improve their ability to deal with financial risks (Al-Khafaji, A.H., 2020). With regard to Iraqi commercial banks, the international standard IFRS9 was adopted by the Central Bank of Iraq as part of its efforts to modernize and develop the accounting rules for the banking sector in the country. Implementing the Standard requires Iraqi commercial banks to

work to improve their accounting and financial processes and improve their ability to deal with financial risks in an effective and compatible manner with the international Standard (2021, Al-Zwainy , A). International Financial Reporting Standard 9 (IFRS) is an international accounting standard that relates to banks and other financial institutions, and aims to improve the quality of financial reports and unify accounting standards worldwide (Al-Qaisi, or Al-Kilani, 2021). International Standard 9 IFRS requires Iraqi commercial banks to evaluate assets, liabilities, and financial transactions on an ongoing basis, in order to determine the extent to which these assets and liabilities are exposed to financial risks, and to accurately determine their fair value. The correct application of IFRS 9 includes determining the levels of expected losses in the short, medium and long term, in order to improve efficiency and transparency in financial risk management and enhance confidence among investors. The application of International Standard 9 IFRS in Iraqi commercial banks aims to improve the quality of financial reports, control financial risks, improve the financial performance of banks, enhance confidence among investors, and develop the banking sector in ...

Iraq (Hassan 2020)

First: The importance of the international standard IFRS9

International Standard 9 IFRS is one of the important international accounting standards that relates to the preparation of financial reports (Al- Salihi , J.H, 2021

1-It helps improve the quality of financial information, as the Standard requires companies to evaluate assets and liabilities in a more accurate and transparent manner, which... It helps improve the quality of financial information provided by companies.

2-It helps reduce financial risks as the Standard requires companies to assess financial risks in a more accurate way and determine the size of reserves The financial resources necessary to cover those risks, which helps reduce the financial risks facing companies. Improves companies' ability to deal with risks as the Standard requires

companies to improve their ability to deal with financial risks various methods in an effective and compatible manner with international standards.

3-It helps in standardizing financial reporting: International Standard 9 IFRS is used all over the world, which helps in standardizing Financial reports and facilitate the comparison process between different companies in different markets.

4-It contributes to improving confidence in the financial markets: the Standard requires companies to adhere to more precise and transparent standards, which helps improve... Confidence in the financial markets and attracting more investors.

5-Improving transparency and accountability: IFRS 9 helps improve transparency and accountability in the financial sector, as applying the Standard requires financial institutions to prepare accurate and transparent financial reports in accordance with specified standards, which helps enhance accountability in the financial institutions sector.

Second: Characteristics of applying the international standard IFRS9

IFRS includes many characteristics, which can be summarized as follows : (Al- Salihi , H. 2020)

1-Financial Risk Assessment IFRS 9 requires financial institutions to assess the financial risks associated with assets and liabilities and financial transactions, determining the extent to which these assets and liabilities are exposed to financial risks, and determining the necessary procedures to deal with them.

2-Determining the Value of Assets and Liabilities IFRS 9 requires financial institutions to accurately determine the value of assets and liabilities, using specific evaluation criteria based on the financial risks and financial performance of the assets and liabilities.

3-Determining Expected Loss Levels IFRS 9 requires financial institutions to determine expected loss levels in the short, medium and long term, using specific assessment criteria based on the financial risks and financial

performance of assets and liabilities.

4-Improving transparency and disclosure IFRS 9 requires financial institutions to prepare transparent and clear financial reports, showing assets Liabilities associated with financial risks, and indicate the levels of expected losses in the short, medium and long term.

5-Improving efficiency in financial risk management IFRS 9 requires financial institutions to improve their efficiency in risk management Finance, by applying specific procedures and practices to identify risks and manage them effectively.

6-Developing the banking sector Implementing the international standard IFRS 9 helps develop the banking sector, as it requires financial institutions to improve their management of financial risks and improve the quality of their financial reports, which contributes to improving confidence among investors and supporting the growth of the banking sector in society. Therefore, the international standard IFRS9 has a number of characteristics that must be taken into account when applying it in commercial banks and others Financial companies.

Third : The difficulties facing the application of the international standard IFRS9 in Iraqi commercial banks

Commercial banks in Iraq face a number of problems Difficulties when applying International Standard 9 IFRS , and among these difficulties are (Al-Azzawi 2021)

1- Lack of experience and competence in applying the Standard, as applying the Standard requires high experience and competence in the field of financial reporting and risk assessment Finance, which is what many commercial banks in Iraq lack.

2-Lack of sufficient infrastructure, as commercial banks in Iraq face several difficulties in updating the infrastructure necessary to implement Standard, such as accounting information system, statistical analysis, and specialized computer programs.

3-The difficulty of valuing non-current assets, as commercial banks in Iraq face difficulty in valuing non-current assets, such as real estate Land and long-term investments, due to the lack of data

and information necessary to evaluate these assets.

4-Legislative and regulatory restrictions. Legislative and regulatory restrictions impose a number of restrictions and challenges on commercial banks in Iraq Implementing international Standard 9 IFRS , such as restrictions on money transfer, currency exchange, and dealing with suspicious customers.

5-Challenges of the economic environment: Commercial banks in Iraq face many challenges in the changing economic environment, such as the decline in... Oil prices, inflation and deterioration in the value of the currency, which affects asset valuation and financial risks.

6-Continuous changes in laws and regulations Iraqi commercial banks face difficulty in applying the international standard IFRS 9 due to the continuous changes in financial and accounting laws and regulations, which requires them to continue updating and developing to meet the new requirements.

It can be said that Implementing IFRS 9 requires significant efforts from Iraqi commercial banks, and requires a strong commitment to international accounting standards. And apply them correctly and accurately, and it is important that the Iraqi government strengthens support and guidance for Iraqi commercial banks to achieve a successful transition to the standards. (Al- Rikabi , A, 2020)

Fourth : Ways to improve the financial performance of Iraqi commercial banks

Commercial banks in Iraq face great challenges in improving their financial performance, and this requires them to undertake many measures and improvements. :(Al -Khalidi, M, 2021 One of the most prominent of these procedures Improving financial risk management requires estimating and analyzing the risks related to its activities and determining appropriate procedures to deal with them. This includes: This determines the financial reserves necessary to cover these risks.

1-Strengthening capital requires strengthening the financial capital of commercial banks, by attracting more deposits and increasing the volume of loans Granted, improving the

management of financial assets and liabilities.

2-Improving customer services Iraqi commercial banks must improve customer services, provide high-quality banking services, and develop... Plan to expand your customer base and attract more customers.

3-Improving Asset and Liability Management Iraqi commercial banks must improve asset and liability management, and implement effective strategies to achieve... Optimal return on assets and risk reduction.

4-Improving cost efficiency Improving cost efficiency requires reducing administrative and operational costs, and improving the management of financial assets and liabilities, as well Improving collections and risk management processes.

5-Application of international accounting standards Commercial banks require the application of international accounting standards to improve the quality of financial information and improve Financial risk management.

6-Improving corporate governance Improving corporate governance requires clearly defining roles and responsibilities and applying international corporate governance standards , as well as enhancing the transparency of financial information and improving relationships with shareholders and customers.

7-Expanding the geographical scope Iraqi commercial banks can improve their financial performance by expanding the geographical scope of their banking services Expanding the customer base , and achieving these measures requires commitment by bank management and providing the necessary resources to implement them, as well as providing appropriate support by the official and regulatory authorities in the country . Improving the financial performance of Iraqi commercial banks also requires implementing a set of coordinated and integrated procedures, and investing in information technology, training and development. Continuing efforts for human resources, and working to improve the legal system and financial and banking legislation in Iraq (Al-Khafaji, 2020). As improving the legal system and financial and

banking legislation in Iraq can be achieved by taking several measures, including (Saleh, 2021)

أ-Developing financial and banking laws: The Iraqi government must develop and modernize financial and banking laws and work to improve them in accordance with... International standards, in order to enhance confidence between customers and investors and provide a suitable environment for banking business.

ب- Improving the regulatory framework The Iraqi government must improve the regulatory framework for banks and financial institutions in accordance with international standards It helps enhance transparency and accountability.

ج- Developing information technology Banks and financial institutions in Iraq must develop information technology and use it effectively To improve banking procedures and reduce financial risks.

د- Improving the arbitration mechanism: The Iraqi government must improve the arbitration mechanism for financial and commercial disputes and provide an appropriate legal environment for resolving disputes In quick and fair ways.

هـ-Providing training and education: The Iraqi government and financial institutions must provide training and education to workers in the banking and financial sector to improve their skills and increase their awareness of financial risks and how to deal with them.

و- Strengthening monitoring and oversight: The Iraqi government must strengthen monitoring and oversight of banks and financial institutions to reduce financial risks And verify compliance with laws and legislation.

In general, improving the legal system and financial and banking legislation in Iraq requires procedures and measures

Comprehensive and coordinated between the government and institutions Financial and banking, which should be implemented effectively and continuously.

Fifth : The role of applying the International Financial Reporting Standard IFRS 9 in improving the financial performance of Iraqi commercial banks

The application of the International Financial

Reporting Standard (IFRS 9) is one of the main steps to improve the financial performance of commercial banks in Iraq. Based on this Standard, banks improve the quality of the financial reports they submit to various parties, which helps improve the level of transparency and trust between banks, customers and investors , The International Financial Reporting Standard (IFRS 9) is adopted) on the concept of risk assessment and classification Accurately, which helps improve the ability to predict and avoid losses and reduce financial risks . The Standard also includes standards Measures that enhance transparency and accountability and provide an environment conducive to sustainable banking. By applying the international reporting standard Finance (9 IFRS) Commercial banks in Iraq can improve their financial performance by:

أ-Reducing financial risks, as the Standard helps to accurately identify and measure financial risks and classify them in an organized manner according to their importance, which Banks are allowed to take More accurate decisions and improved risk management.

ب- Improving the quality of financial reports, as the Standard helps improve the quality of financial reports submitted by banks to various entities, which increases... The level of transparency and accountability helps improve confidence between banks, customers and investors.

ج- Enhancing financial performance, as the Standard helps improve the performance of banks by improving risk management and developing the financial tools available to them. This allows banks to achieve higher levels of profitability and sustainability.

د- Improving profitability and liquidity planning can apply (9 IFRS) To help improve profitability and liquidity planning in Iraqi commercial banks Where banks can better assess their financial risks, and thus plan future profitability and liquidity more accurately.

هـ-Credibility in financial reports helps improve the management of financial assets and liabilities. The researcher concludes that applying the International Financial Reporting Standard (IFRS

9) is an important step to improve the financial performance of commercial banks in Iraq, which can help achieve financial stability and improve the banking environment in the country.

ح-Determine the difference between the current accounting system and the requirements of (IFRS 9) and determine the expected impact of implementing (IFRS 9) .) on the financial statements. b Develop new policies and procedures to implement (9 IFRS) Including defining the standards and guidelines necessary for their application.

خ-Training employees on the new requirements for implementing IFRS 9) and ensure they understand the necessary changes in the procedures and tools used.

د-Developing a risk management system that includes the application of (IFRS 9) by improving monitoring, evaluation and management of financial risks.

ز-Preparing financial statements in accordance with the requirements of IFRS 9) And ensure the validity and accuracy of the financial information provided.

ز-Preparing periodic reports to evaluate the impact of implementing IFRS 9) on the bank's financial results, and identify any improvements that can be made in procedures and policies Related to the application of (IFRS 9)

ح-Communicate with the relevant authorities to determine any changes that may occur to the requirements of IFRS 9) and ensure that they are absorbed into the applicable procedures and policies and adhere to the requirements of (IFRS 9) .) and ensure that established procedures and policies comply with these requirements.

Q- Improving the financial performance of Iraqi commercial banks can be achieved by applying the International Financial Reporting Standard (IFRS 9). This Standard aims to improve the quality of financial reports and increase transparency and reliability in evaluating assets and potential losses in the long term.

Q - Improving the financial performance of Iraqi commercial banks can be achieved by applying the International Financial Reporting Standard (IFRS 9). This Standard aims to improve the quality

of financial reports and increase transparency and reliability in evaluating assets and potential losses in the long term.

This can be achieved by the following steps :

- Risk assessment: requires application of (IFRS 9) of commercial banks to evaluate the potential risks of the portfolio and identify a set of factors affecting it Those risks, such as economic and political turmoil and changes in interest rates :

- Classification of financial assets Commercial banks must classify their financial assets and determine whether they carry high or low risk. This requires an assessment of the bank's risk tolerance and determining the levels of profitability required for each type of financial asset.

- Evaluation of potential losses requires (9 IFRS Commercial banks evaluate the potential losses in the long term for financial assets classified as high-risk assets . This is done by defining a set of standards and statistical models to determine the level of potential loss and financial reporting requires (IFRS 9). Commercial banks prepare transparent and reliable financial reports that explain potential risks and losses By clarifying the methods used in assessing risks and losses and clarifying the basis used in classifying financial assets. In general, it can be said that the application of (9 IFRS) helps improve the financial performance of Iraqi commercial banks by reducing risks and increasing Transparency and reliability in assessing assets and potential losses in the long term.

The third topic

Implementation procedures for the international IFRS9 standard

First: The difficulties facing the application of the international standard IFRS 9 in Iraqi commercial banks

The international Standard is IFRS9)(Disclosure of the financial performance of financial contracts) is the latest international accounting standard for financial contracts, which began to be implemented in 2018. This Standard aims to improve the accounting system, unify accounting standards for commercial banks, and improve the quality of financial information provided to

investors. However, the application of the international Standard (IFRS9) In some commercial banks Difficulties, including (Muhammad , Jawad : 2019)

1. Application complexities require the application of the international Standard (IFRS9) Commercial banks employ complex accounting procedures and improve processes Current work, which requires a lot of effort, time and resources.

2. Application cost requires applying the international Standard (IFRS9) From commercial banks, there is a high financial cost to improve analysis, evaluation and control systems Staff training, software and systems development.

3. The economic effects that the application of the international Standard (IFRS9) to increase borrowing costs and burden commercial banks with costs Additionally, due to the negative impact of the Standard on profitability levels , regional differences vary in the requirements of the international Standard (IFRS9) from one country to another, which leads to difficulty in its application and standardization Accounting standards between countries.

4. Effective risk management requires the application of international standards (IFRS9) of commercial banks' ability to manage risks effectively and take... Actions necessary to reduce exposure to losses.

5. Impact on existing loans The application of the international Standard (IFRS9) will have an impact on the value of outstanding loans, due to changes in the method Calculating the value of loans and estimating the risks associated with them.

Second: Applying International Standard 9 IFRS to commercial banks faces several difficulties, including:

A - Application complexities IFRS 9 requires assessing credit risk and calculating expected losses on an individual basis for each account, which requires a procedure Complex and repetitive analyzes for each individual account.

b. Providing the required data Banks must collect the necessary data to implement IFRS 9 , and this includes historical and customer data For

different customer situations, this data must be accurate and reliable.

Assessing expected losses IFRS 9 requires banks to determine expected losses on an average basis for up to 12 months, which means Banks must evaluate potential risks and determine the value of expected losses based on unconfirmed information.

w costs IFRS 9 requires banks to conduct complex analyzes and determine expected losses on an individual basis for each account, which increases... Of the bank's administrative and operational costs.

Evaluating Expected Losses IFRS 9 requires banks to determine expected losses on an average basis for a period of up to 12 months, which means that banks must evaluate potential risks and determine the value of expected losses based on uncertain information , costs. Applying IFRS 9 requires banks to conduct complex analyzes and determine Expected losses are on an individual basis for each account, which increases Of the bank's administrative and operational costs and subsequent amendments Subsequent amendments to IFRS 9 can lead to changes in the procedures and analyzes used, which requires banks to respond to these changes and make the necessary amendments to their systems and procedures.

In general, the application of the international standard IFRS9 in commercial banks faces several challenges and difficulties, but its application is considered necessary to improve the quality of financial information provided to investors, achieve transparency and credibility in financial statement reports, improve risk management, and enhance confidence in the banking system. Therefore, commercial banks must overcome these difficulties and apply the international standard IFRS9 well and effectively. Abdul Wahed and Haider (2020), as the International Financial Reporting Standard No. 9, or IFRS 9, was applied by Iraqi banks as of January 1, 2019.

And it has The Central Bank of Iraq published mandatory instructions for implementing this Standard in March 2018. Among the most important banks that have applied this Standard

are:

üAl-Rafidain Bank: It is the largest government bank in Iraq.

üThe Bank of Baghdad is a government commercial bank.

üAl-Mansour Bank: It is a private commercial bank.

üMiddle East Bank: It is a private commercial bank.

ü Mosul Bank is a government commercial bank. Al-Rafidain Bank was established under Law No. (33) of 1941 and began its operations in 1941 with a paid-up capital of 50 thousand Iraqi dinars. The bank passed through multiple stages during its historical journey, first represented by its presence as the first national bank to practice commercial banking among many foreign banks, and it began to gradually expand. Within Iraq, it then went through multiple stages of merger, starting in 1964, which included the commercial banks that were operating in Iraq, where in 1974 they were unified with Al-Rafidain Bank, which became the only commercial bank in Iraq. It continued to work alone in the field of banking until 1988, which witnessed the establishment of the Al-Rafidain Bank. Another government is Al-Rashid Bank, which began its work with the branches of Al-Rafidain Bank, which transferred its business to it.

In 1998, the bank witnessed a new development, which was its transformation into a public company wholly owned by the state in accordance with the provisions of the Public Companies Law No. (22) of 1997, with the aim of contributing to supporting the national economy in the field of commercial banking, investing money, and providing financing to various sectors in accordance with development plans and within the framework of economic and financial policies. And the state's cash. Among the challenges facing banks in Iraq is adherence to globally recognized international accounting standards, which help improve the transparency of financial statements and enhance confidence among customers, investors, and regulatory authorities. The number of the bank's branches is currently (147) within Iraq, in addition to (8) branches in a sawmill in

some Arab cities, namely: Cairo, Beirut, Abu Dhabi, Bahrain, and Jordan .

In this context, Rafidain Bank has applied the International Financial Reporting Standard IFRS9 , which is an accounting standard that includes a set of foundations and principles for estimating and managing financial risks, and requires banks to adhere to specific standards for evaluating assets, liabilities, and financial operations. Applying the International Financial Reporting Standard IFRS9 helps Rafidain Bank improve the quality of... Financial data and provide accurate and logical financial analyses, which helps in making correct and responsible financial decisions . It also helps in enhancing confidence between investors and regulatory authorities and improving transparency in investments and financial operations . Rafidain Bank's step in implementing the International Financial Reporting Standard IFRS9 is an important step in improving data quality. Financial reporting and adherence to globally recognized international accounting standards, which helps enhance confidence among its clients and investors and achieve maximum returns for shareholders. Iraqi banks, including the Bank of Baghdad, Al-Mansour Bank, and Al-Rafidain Bank, face many challenges and difficulties when applying the International Financial Reporting Standard (IFRS9).

Third, the challenges of the role of international standard 9 IFRS

The most important of these challenges is (Abbas, 2021)

A- Technical challenges Implementing the international standard IFRS9 requires careful and complex analysis processes to assess the potential risks and losses in the portfolio, and requires This uses advanced technologies and specialized computational programs.

B- Financial Challenges Implementing the IFRS9 standard requires taking strict measures to assess potential risks and losses in the portfolio, and this affects... Financial profits and losses of banks. Regulatory Challenges Implementing IFRS9 requires compliance with International Financial Reporting Standards and regulatory

requirements, which requires... Banks provide the necessary procedures and systems to comply with these requirements.

C- Challenges of training cadres. Implementing the IFRS9 standard requires continuous training for cadres working in banks, in order to ensure an understanding of the standards. And the procedures related to this Standard are implemented correctly.

E - Challenges of moving from previous standards Banks may face difficulties in moving from previous standards to IFRS9 , due to differences in the way assets are classified and potential losses in the portfolio are dealt with. It is important that Iraqi banks work,

Including the Bank of Baghdad, Al-Mansour Bank, and Al-Rafidain Bank, to overcome these challenges and difficulties and employ the international reporting Standard. Financial IFRS9 To improve the quality of financial statements and enhance transparency and trust between investors and regulators in general, requires the application of the Standard

IFRS9 challenges and great efforts by banks, but adherence to international financial reporting standards (Khalil 2021)

The following is an analysis of the IFRS9 standard within the Iraqi Rafidain Bank :

1.Objective of IFRS9:

- IFRS9 standard aims to provide reliable and transparent financial information about the bank's financial positions and performance .

- It helps to evaluate the bank's ability to bear risks and manage them effectively .

- It provides information to investors and stakeholders to make informed investment and financial decisions .

2.standard content :

- IFRS9 standard includes a set of requirements and guidelines for preparing financial reports for banks .

- The Standard includes requirements for disclosing the financial, credit, liquidity and market risks to which the bank is exposed .

- It also includes requirements for valuing assets, liabilities, revenues, expenses, and financial reserves .

3.the IFRS9 standard on the Iraqi Rafidain Bank :
 ·IFRS9 requires Iraqi Rafidain Bank to enhance its accounting and financial reporting procedures to meet the requirements of the Standard.

·The Standard helps improve the transparency and reliability of the bank's financial reports, which enhances confidence among investors and customers .

·It helps to improve risk management and better assessment, which contributes to the stability of the bank and enhances its ability to bear risks .

It is clear from this that the research addressed the difficulties facing the application of the International Financial Reporting Standard IFRS9 in improving the financial performance of commercial banks The challenges and difficulties facing the banks of Baghdad, Al-Rafidain, and Al-Mansour in applying this Standard, including technical, financial, and organizational challenges, training cadres, and moving from previous standards. This research aimed to identify best practices and solutions to improve performance Iraqi commercial banks by applying the IFRS9 standard , by providing accurate and logical financial analyzes to help banks in Make correct and responsible financial decisions, enhance confidence between investors and regulatory authorities, and improve transparency in investments and operations Finance With the aim of improving the quality of financial data and enhancing transparency and trust between

investors and regulatory authorities, Iraqi commercial banks have done... The Bank of Baghdad, Al-Mansour Bank, and Al-Rafidain Bank implemented the International Financial Reporting Standard IFRS9 . However, this The step faces many challenges and difficulties, including the difficulty of evaluating assets and liabilities, and determining the total costs of implementing the Standard, Providing the necessary financial data and information, and training human cadres. However, these challenges can be overcome by employing the international Standard for preparation IFRS9 financial reports correctly, providing the necessary technical settings and infrastructure, and training human resources on its application. When this is achieved, the quality of financial statements will be improved and confidence between investors and regulatory authorities will be enhanced, which will help achieve maximum returns for shareholders. And enhancing the financial sustainability of Iraqi commercial banks. Despite the challenges faced by Iraqi commercial banks in applying the standard IFRS9, compliance with International Financial Reporting Standards helps improve the quality of financial reporting, transparency and credibility in banking operations. Which leads to improving the financial performance of banks and increasing confidence between customers and investors.

Rule name	Accounting rule number
Measuring the outcome of activity for construction contracts	1
International Standard No. (9) regarding research and development expenses, which was approved by the Accounting Standards and Rules Board in the Republic of Iraq and will be implemented by the ministries in the year .2022-2020	2
Capitalization of borrowing expenses	3
Accounting for the effects of change in foreign exchange rates	4

Accounting for storage, evaluating it and presenting it in the financial statements	5
Disclosure of data related to financial statements and accounting policies	6
Cash flow statement	7
Information that reflects the effects of changes in prices	8
Contingencies and events subsequent to the balance sheet date	9
Disclosure of financial statements of banks and similar financial activities	10
Accounting for agricultural activity	11
Capital gains and losses	12
Accounting for income tax	13
Investment accounting	14

The accounting standards presented represent the overall activity of the Council since its establishment, considering that these standards have yet to undergo any amendments, and the previous one, Standard No. (1) dates back to the year 2020-2022.

We will explain and analyze some of these standards, their gaps, and the extent to which companies can benefit from them to manage their profits.

1- Approaches to profit management according to Iraqi standards:

A- Entitlement entrance

(Paragraph 1 of the International Standard/ IFRS9)

What was included in the paragraph of accepting the capitalization of research and development expenses by the provisions mentioned and suspending them within the account of deferred revenue expenditures allowed the administration the flexibility to widely use the accrual basis by charging all those costs and considering them deferred in exchange for preparing the financial statements in the same year in which those expenses were incurred without disclosing part of their amounts in The fiscal year of the report.

The researchers believe that these expenses are

charged fairly on an annual basis, taking into account the year in which the company incurred them. This is because the research and development expenses incurred by the company annually are indicators of management's continuous creativity and innovation in developing its products or services to improve the company's competitive image in the business market.

(Paragraph 2 of the Iraqi Standard /IFRS9)

This paragraph supported the company's use of the accrual basis in managing its profits, as it stipulated that the conditions existing at the date of the general budget be expressed in the financial statements and the effects of its financial results depend on the occurrence of events in the future by following the basic accrual accounting assumption.

The standard IFRS9, in its definition of subsequent events, stipulates that they are those events whose outcome (whether gain or loss) depends on the occurrence or non-occurrence of one or more matters in the future that have an impact on the financial statements. This explains that the Standard stipulates taking into account those circumstances whether they occur or not. It obtains, allowing management to use the accrual

basis to prove these operations to manage profits.

B- The introduction to changing accounting policies by accounting principles:

1 - Disclosure: Paragraph 3 of the Standard did not address the disclosure of the accounting treatment for inventory within the framework of inflation accounting principles. Likewise, Paragraph 24 of the Standard required that the net collectible value not be determined based on temporary, incidental, or seasonal fluctuations in prices or costs, and we did not note in the standard paragraphs that it was necessary. Disclosing this in the company's financial statements, despite the importance of this.

Paragraph 23 of the Standard stipulates that when determining the net collectible value of storage, a group of factors should be taken into account, such as the age of the storage, its movement during the previous and current period, and the value of the waste, while Paragraph 24 of the Standard specified a definition that reads as follows:

The net realizable value is the selling price minus any expenses required by the marketing, selling, and distribution process, plus the completion expenses for the goods under manufacture.

It is noted that there is a conflict between the two paragraphs and the need for more disclosure of the contents of Paragraph 23 and how to deal with it. It could be an entry point for reducing or increasing the value of the inventory according to management's desires. Thus, the two paragraphs are an entry point for managing the company's profits.

(Paragraph 1 of IFRS9)

The paragraph stipulates recording a reserve of retained amounts of distributable profits for development and expansion, improving work conditions and methods, and treating them within the paid-up capital according to the following entry:

Grant / Capital reserve - expansion reserve

To h/paid up capital

Hence, the Standard neglected a vital accounting principle: disclosing the amounts of those reserves in the company's financial statements.

Instead, it added them to the paid-up capital without informing the Board of Directors of that increase in capital.

2 - Revenue recognition

§(Paragraph 8 of International Standard No. 9)

The paragraph stipulates that the marketing research activity that is carried out before starting production to find out the feasibility of the commodity or the possibility of a market for it, which is considered one of the development expenses that must be charged to the current expenses incurred by the establishment, this paragraph gave flexibility to those companies by postponing its recognition, that is, not counting it within Expenses and then increase the facility's revenues and its revenues do not match its expenses.

The above paragraph also stipulated deferring the recognition of research and development expenses if capitalized and suspending the guarantee of all deferred revenue expenses without recognizing the amount of those annual expenses when preparing the financial statements.

C- The approach to relative importance

o(Contents of Iraqi Standard 1 / Accounting for Construction Contracts)

The revenue that must be adopted to measure the activity in construction contracts is recognized at market prices. In contrast, the paragraph (Basis for revenue recognition in construction contracts) indicates that the arm for the period from the date of the last crop until the end of the accounting period is treated as a work in progress and is governed by incomplete production at the end of the period and is evaluated. At the cost and in another resource (choosing the method), the Standard stipulated the necessity to disclose the value of the effects resulting from the change in accounting policies used for construction contracts and explain its causes. However, it neglected to include these variables in accounting restrictions or neglected the accounting treatment of that change, which allows the company Sufficient flexibility in explaining the impact of that change in accounting policies when preparing financial

statements on the one hand, as well as how that entry is proven or how those amounts are calculated.

o(Paragraph 11 of International Standard 9)

The paragraph stipulates that research and development expenses are amortized on a regular basis, either by linking them to sales, a reasonable period of time, or the use of the practical commodity without regard to the principle of relative importance. This is considered a means of managing profits.

D- Introduction to personal rule

The Iraqi standards included personal provisions that left the administration free to choose the accounting methods that are applied to the economic event or to set estimated accounting periods that are characterized by high flexibility, including the following, for example:

(Paragraph 2 of International Standard 9 / Research and Development Expenditures)

The paragraph stipulated that research and development expenses be amortized for no more than five years, giving flexibility in estimating them from one to five years to amortize them. Thus, these standards allowed the company's profit to be managed. The amount of those expenses was not considered when calculating them, but all amounts spent on research were treated. Development is a single transaction, and the Standard leaves the door open for management to use personal judgments consistent with its objectives, regardless of the other conflicting goals of the users of the financial statements, without disclosing them.

(Paragraph 4 of International Standard 9)

The paragraph stipulates that the costs of research and development activity are distributed over the different accounting periods in light of the possibility of expected benefits from them in the future. Therefore, the distribution of these costs is based on a degree of suspicion or a specific personal estimate since establishing a degree of expression of the possibility of expected benefit from them in the future is not associated with the existence of a degree. Verify the feasibility of the product or service.

(Paragraph 6 of International Standard 9)

I explained that research and development costs are estimated based on a reasonable percentage of indirect costs, and therefore, the term (indirect costs) leads to the adoption of personal judgments. In addition, this paragraph stipulates the neutralization of these costs in a manner similar to the distribution of indirect costs.

On the goods, although there are varying similarities between the two concepts (research and development and the goods).

(Paragraph 8 of International Standard 9)

The paragraph gave great flexibility to the units in managing their profits, as it considered the marketing activity that takes place before starting production to determine the feasibility of the commodity or the possibility of there being a market for it among the development expenses, and it allowed those expenses to be treated in one of two ways:

1. Charge it to the year's expenses subject to the report.
2. Postponing recognition of these expenses.

(Paragraph 7 of the Iraqi Standard / 9 Contingencies and Events After the Balance Sheet Date)

The above paragraph allowed management to use personal judgments that may be interpreted to manage profits in the company, as it stipulated that management must estimate the consequences of contingencies and their effects in light of the information available up to the date approved for approval and issuance of the financial statements, in addition to reviewing subsequent events at the balance sheet date, taking into account Given the experience of such operations. Through the preceding and the result of the texts included in the Iraqi standards that allow the administration to adopt administrative formulas represented by personal rule, of which we have cited several cases in those standards, as well as the formulas included in those texts through which the accounting principles, policies, and assumptions were used, which The two researchers touched on it and mentioned it in many cases, and thus only proved the research hypothesis on which the study was based.

The practical side

Al-Rafidain Bank—Babylon. The bank prepared the business model based on its plan to implement the Standard and tools for

determining the credit balance ratio.

Table (2) Business model classification

Probability of failure in the third % stage	Probability of default for the second % stage	Percentage of infants subject to the standard %	Category
0	0	0	Property Murabaha
6	4	15	Car Murabaha
6	5	25	The profit of marriage
6	5	25	Education Murabaha
6	5	25	Murabaha treatment
6	5	25	Heeding
6	5	25	Speculation
6		25	Rent

From data from the Central Bank - Al-Rafidain Bank - Babylon

In the table above, the percentage of the balance of financial instruments on 12/31/2021 - 12/31/2022 subject to the requirements of the IFRA standard (9) is shown after studying all the bank's activities individually, and going through the three stages specified in the requirements above, which are subject to measuring and calculating the credit loss. Expected 2020/2021/2022 Using the tables that show the extent of regularity in repayment and changes in the customer's financial situation and creditworthiness, the financial instruments

were not subject to the requirements of the first stage, and the focus was on the second and third stages only, while calculating the probability of default for each stage separately, as I mentioned above, and below is a table showing the amounts of credit losses. Expected according to the percentages shown in the table (3) The ratios were shown from 15 (25) is the portion subject to the standard of the balance appearing in the statement of financial position for the year 2020 until 2022. According to what is available in Al-Rafidain Bank, Babylon Branch - Retirement

Table (4) Calculating expected losses

Expected losses	Probability of default %	The amount subject to the standard	Rate of application of the % standard	Average balance years (5)	Murabaha - amount in millions	Financial assets -2020 -2021 2022
12.00	10	82.011	0	77.647	88.331	Real estate
30.21	44	755.19	60	95.035	91.177	the cars
22.86	52	79.10	89	82.211	66.142	Projects
0.44	25	281	25	172	189	Heeding
11.33	30	71.541	25	62.424	56.182	marriage
51.321	70	88.792	92	88.762	901.347	Loans

The financing tools that the bank focuses on are speculation and partnerships with companies of a strategic nature. The significant increase in credit risk is evaluated once every three months, and financial assets and liabilities are recognized on the date of the transaction, that is, the date on which the bank becomes a party to the contractual provisions of the financial instruments, and the financial instruments are measured. The probability of default for each client individually as he completes the internal credit rating system, and three models were created The works are :

Initially at its fair value, the credit rating system was based on Moody's analysis system, which is a

credit rating system issued by Moody's credit rating agency, which is based on financial standards. and non-financial assessments to evaluate the bank's work and calculate

1. Business models for engagements
2. Business models for speculation .
3. Murabaha business model .

The basic features affecting the calculation of expected credit losses were adopted, which were determined according to the (9-IFRS) standard . They are (9) features, with the relative weight of each determined, provided that the total relative weight of the features is (100%) as in the table below .

Table (5): Basic features

Normal % percentage	Properties	Relative dimensions of features	Properties
%76	Financial position	%76	Economic environment

%100	reputation	%82	Legal environment
%84	Project sector risks	%84	Competitiveness
%77	Ability in project management	%55	Social environment
%100	Development potential and sustainability	%91	Governmental and private oversight

Source: Prepared by researchers based on data from Al-Rafidain Bank - Babylon Branch - Retirement, 2020. 2021. 2022

Considering the above, the probability of default and its percentage have been calculated in accordance with Moody's classification, without factoring in the indicators issued by the relevant government institutions in Iraq. This underscores

the necessity for the Central Bank of Iraq to promptly establish an information base for all Iraqi banks. The table below illustrates the probability of default for financial instruments.

Table (6) Probability of default according to the standards adopted in Iraq

% The first stage stumbling					Probability of default	Category	T
5	4	3	2	1			
76.22	32.22	24.12	65.00	52.02	The best financing in terms of ability to repay	99.1	1
52.14	31,1	72.11	76.15	73.1	Very new financing and low probability of default	89.5	2
36.12	25.22	82.1	52,16	61.4	Acceptable financing	79.6	3
45	32	46	.42.22	21.8	Unacceptable defaulted / total loss financing	56	4
%100	%100	%100	%100	%100		%100	

the Rafidain Bank of Babylon - Retirement 2020 - 2021 - 2022

Iraq's unstable environment gives an insufficient picture of the client's creditworthiness, which requires precise identification of variables for more accurate classification.

In the table above, the financial instruments in the first stage are classified according to the degree of risk for each of the above items, which represents unacceptable / defaulted financing / total loss, so that (1) is the best and (4) is the lowest, by the committee formed in the bank and according to the instructions of the Central Bank of Independent auditors, and then calculate the probability of default during the following (5) years to distribute the quantitative impact resulting from the application of the standard, as these classifications were subjected to a study of market variables and these variables are used in the use of Standard 9 in Iraqi banks.

Conclusions And Recommendations

First - Conclusions:

The issuance of International Financial Reporting Standard No. 9, which replaced International Accounting Standard No. 39 in 2014, led to a state of controversy and disagreement among researchers about the impact of the treatments contained therein on the risks to which financial institutions, including banks, will be exposed as a result of applying the standard, and they differed. The opinions of researchers in this regard: some believe that the standard will improve the quality of accounting information and reduce the problems resulting from applying International Accounting Standard No. 9, thus reducing risks. Some of them believe that it has led to an increase in risks as a result of deficiencies in the treatments contained in it, especially when Treating credit losses, as the standard required the creation of an allowance for expected credit losses, which will lead to increased liquidity risks and non-fulfillment of obligations, as well as weak lending. Therefore, the study aimed to test the impact of applying International Financial Reporting Standard No. 9 on the value at risk as one of the methods for

measuring risk. Applying it to banks registered in the Iraqi stock market and to test this effect, we consulted the financial reports of banks registered in the Iraqi stock market for 2020 before and after applying the International Financial Reporting Standard No. 9.

Second - Recommendations :

It occurs in the banking system when cash withdrawals from all types of bank accounts by bank customers suddenly increase, that is when the liabilities of the bank or financial institution are more significant than the financial assets, and then its inability to cover the liabilities. Cash and its equivalent are not guaranteed. The decline in the quality of the loan portfolio and the increase in bad loans have an impact on the financial position. For this reason, and in the wake of the recent economic crisis (2008), the International Accounting Standards Board began cooperating with international organizations to issue the International Financial Reporting Standard (IFRS9) to recalculate expected credit losses. Financial instruments according to scientific foundations to avoid defaulting on debt, and the research focused on the challenges facing commercial and Islamic banks in Iraq in applying the guiding regulations issued by The Central Bank of Iraq, which required the application of the standard.

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