

A Problems expected to apply IFRS 9 in the Iraqi private banks

Ali Hussein Hadi¹, Ameer Ageed kadhim Al-ardawe², Saja Najeh Kareem³

¹ Faculty of Administration and Economics, University of Kufa, [Iraq
alih.aneizah@uokufa.edu.iq](mailto:alih.aneizah@uokufa.edu.iq)

² Faculty of Administration and Economics, University of Kufa,
ameera.alardawe@uokufa.edu.iq

³ Al-Mustaqbal University College, Iraq, saja.najeh@uomus.edu.iq

Received: 28/05/2023 ;

Revised: 04/06/2023 ;

Accepted: 29/06/2023

abstarct:

This study aims to identifying the problems and difficulties that the private Iraqi banks are expected to face prior starting the application of Financial Accounting Standard Reporting No. 9, which is expected to be implemented on January 1, 2019. In order to identify these problems, the researchers prepared a questionnaire which was distributed to a sample of 60 individuals (CBI, Basra Branch, 15 private banks, 25 Chartered Accountants, And 20 Instructors of Accounting and Finance and Banking Science. 60 Questionnaire were distributed, of which only 50 were returned, and the statistical program for social sciences was used The study showed the following; Provisional level are expectation to the substantially increased under IFRS9. Bank Iraqi will have to estimated or book an upfront ion, forward-looking expectations losses over the lifted of the financial facilities and monitor for the ongoing credit-quality deteriorations. Bank Iraqi will the need to classification asset. They will also needs to map production that can be classified before the calculated (contractual cash flow) The Further equity issuance The may be need, with the potential for greeted pro-cyclicality on lend and provision owing to IFRS9.

Keywords: IFRS 9. IAS 39. FVPL, FVOCI, Impairment of Assets, Expected credit losses, Measurement at initial recognition, Hedging

I- Introduction :

IFRS 9 was issued in response to criticism of the complexities of IAS 39, IFRS 9 is in line with the companies manage their business and the risks they are face, and confirms

1 Corresponding author, Ali Hussein Hadi e-mail: ameera.alardawe@uokufa.edu.iq

the to get to know of credit loss on loans and The receivable that are held in arrears in credit cycle. The IASB has development the Standard in phases three, separately deal with the classified, measurement of the financial asset, and impair mention in valued and hedging. Other aspect of IAS 39 (Subarnina 2009) also as scope, recognition and recognition of assets financial, remained the same except for a few modifications. The IASB issued updated versions of IFRS 9 with each phase completed or amended. At the end of each phase, entities were given the opportunity to adopt the updated version. The final standard was issued in July 2014.

Reception study have tested the various implications of the mandatory field adoption of IFRS (Daske,et al. 2008; Li 2010) and focused largely due to the impact of IFRS adoption on self-reliant firm and littler attention has been paid to the impaction of their reliance external factors The Financial implications – Indirect affections of a company's account informational at the level of economical activities of other companies – because the external factors of systems can affect social well-being (Admati &Pfleiderer 2000). The mandatory application of IFRS the most important in recanting years and therefore the understanding of The external factors of this system are very important in assessing total cost and benefit (Leuz &Wysocki 2003).

1–1 Problem of the Study:: Its lies in the following questions:

1. The new IFRS No. 9, which has been implemented in 1/1/2018, is a matter of concern because it will affect not only the financial institutions but also their impact beyond them. Which entity will undergo significant changes as a result of the application of this standard and which depends on the possible outcome of this standard?
2. The income statement will be more volatile as it increases the risk of measuring assets at fair valued recognition of change in fair value in profiting or losses as incurred.
3. Earlier recognition to impair mention loss on receivable's or loans include account receivables. Entities will have to started providing potential future credit loss in the fisted reparation period for the loan even if the asset is very likely to be fully

A Problems expected to apply IFRS 9 in the Iraqi private banks

recoverable. As new disclosure requirements are important, the most affected systems may need new systems and processes to collect the necessary data.

4. The standard includes new planning requirements to cover hedge accounting, and the changes provided by the standard may provide a great opportunity to improve the balance sheet, enhance the efficiency of the reporting process and saving costs, and may lead to some bad surprises. In either case there is enough, even if not to start assessing the implications with its results on the financial statements it is time to begin dealing with systems, processes, controls, etc. in a measured and deliberate manner.

1-2 Hypotheses of the study: Through the questions raised in the study problem, the hypotheses study was formulated as follows:

1. There is a significant relationship between the clarity of the Central Bank of Iraq directives and the application of IFRS 9, and that Iraqi private banks are able to present financial statements that recognize fair value gains and losses in accordance with the requirements of the standard in the coming period.
2. There is a significant relationship between the requirements of IFRS 9 and the management of the private banks and that they are sufficiently aware of its application as it will introduce significant changes to the Bank.
3. There is a significant relationship between IFRS 9 and the focus on the reasons for the rebalancing of financial assets and liabilities and fair value gains will be greater against their losses.

1-3 Objectives of the Study: The objective this study is to provide empirical evidence on this issue and specifically to examine the mandatory adoption of IFRS will enhance the indirect effects of private accounting information in private banks in Iraq.

1-4 Results: This study summarizes the most important results provided by the Standard (excluding hedging) and explains the new requirement. And provide feedback on their practical implications.

1-5 Limitation of the study: The study shall be limited to the measurement, presentation and disclosure requirements except for the hedging that will be outside the scope of the studying.

2- Literature Review:

IFRS 9 is conducted to demonstrate the predictive ability to disclose the fair value of the 107 series of US banks to future performance measured by operation The cash flows and profit over a three-year period. The fair value of an item on an organized stock has a value greater than the historical cost. There are, however, limited studies on the predictability of fair value. In addition, we evidence provide of the impact of the Global Financial Crisis 2007/2008 (GFC) on the relations between the Banks fair values and future performance, and thus show whether the market's lack of liquidity affects the underlying relationships. The impact of bank-size The characteristics, capital or adequacy in growth prospect was tested on predictive capacity. the fair valued The have a prediction capacity both cash flow and profit performance measuring and the GFC did not have a negative impact on the predictive abilities of the Banks fair value. How are, it was found the predictive capacities of fair values is the strongest ion for operational The cash flows (Dimu Ehalaive et al., 2017). Whereas (Douglas Ayres et al. 2017) examines the impacts of fair values account ion on the behavior of analysts using a large sample of US companies. A measure of the firm's fair value was used, and their study showed evidence that high-intensity companies with fair value had accurate forecasts of analyst profits, a major and far-reaching effect for Magnum, Menini, and Parbonetti (2015). In addition, significant positive correlations were found between the accuracy of the analysts' expectations and the fair value measurements of Level 1 and Level 2 through the use of disclosure required under Financial Accounting Standard No. 157, but found no correlation with Level 3 measurements. Mostly non-financial industrial companies in contrasts to financial companies. This suggestive that the qualitative The characteristics of fair values measurement, include their business objectives and accounting processing on average, can have an impact on the accuracy of analysts' expectations beyond mere measurement issue. (Brian Bratten et al., 2016) examined whether the fair values adjustment including in other The comprehensive income (OCI) predicted future performanction of the Bank. It also examined the reliabilities of these estimated affection their predictive valued. Using a sample of banks holding companied, and found that fair values adjustments include in other comprehensive income can predict the profit for the next year and two years. However, not all unrealized gains and losses assessed in the other comprehensive income statement have similar effects. While unrealizion gains and loss on availablition-for-sale securities are positively related to future profits, unrealized gains and losses on derivatives contracts classified as cash flow hedges are negatively correlated with future profits. It also found that reliable

measurement of fair value enhances predictive value (Page 2014). Finally, we show the fair value adjustment on recording in other comprehensive income during 2007-2009. The financial crisis prediction future profitability, contradiction criticism that fair value accounting forced bank to record the excessive fall in settlement. While studying (Jannis Bbichof and Holger Daske 2016) explained the three criteria against the background of the European Accounting Act and academic accounting research. The status of the new IFRS 9 on accounting for financial instruments and how it is possible to apply this post-certification standard, which is required by the European Union, clarifies that any international accounting standards (IASs) and Interpretations issued by IFRIC (IASB) with three sets of standards before become binding on EU-based companies: the "true and fair view" standard, a list of qualitative standards, and the "European public interest" standard. However, despite many previous ratification decisions, there is still disagreement over the interpretation of the consensus of standards in the studies and concluded that the standard cannot reasonably be rejected on the basis of the IAS. Explain the vagueness of the authentication criteria and the inherent assessment of the final confirmation decision to help maintain the political impact of the EU on the previous IASB standard. A paper of (Ann L.-C. Chan et al., 2015) was aimed to whether the companies have increased recognition of the loss in time for the adoption of (IFRS) throughout Europe since 2005. The company's asymmetric timing, which represents market size, book value and leverage, was estimated. Companies that have volunteered IFRS prior to the mandatory adoption date use a control sample to address the impact of uncertain events. There was an increase in the identification of losses in a timely manner for the control sample between the standards of IFRS and higher debt in countries that were losses dependent on private debt or banks financing. These results are strong for the comparison characterization such as interested coverage, return on asset, earnings volatility, losses, qualified of maturity and growth, in well as both industrial and national impacts. It stresses that corporate finance incentives play a crucial role in determining the timing of consolidation of corporate losses after the adoption of mandatory international standards (Horwath 2014). (Maik Lachmann et al. 2015) was used a number of CPAs as participants to assess credit risk when calculating liabilities at fair value that would result in a deterioration in the Company's credit risk when reporting gains on income statement. Improvements in the Company's credit risk also result in loss. Many argue that the effects on this income statement are illogical and that users of financial statements may misinterpret fair value gains as positive signals and loss of fair value as negative signals. Results show that these justifications were already valid, and that over 70% of respondents incorrectly assess the credit risk of the company as it

improves (deteriorates) when the fair value gain (loss) is realized. Disclosure that explicitly determines the relationship between the direction of credit risk change and the impact of the income statement significantly reduces the participants' misinterpretation and is more useful when fair value gains are recognized against losses. While The (Irina-Doina Pascan 2015) study aimed to analyzed the impact of the transitional form's national account ion standards to international financial reporting standard on the quality of accounting in Europe, where the broad application of IFRSs, which was strengthened in the context of the International Accounting Standards Board in 2002, Of empirical studies that analyzed different views on the adoption of mandatory or non-mandatory IFRS standards. The order achieve the benefaction of the adoption of IFRS, relating to increases comparability's and transparences of financial report, the application of IFRS improve the quality of account ion information. Based on research literature. The paper presents the criteria used by researchers to measure the quality of accounting and summarizes the determinants of the quality of the accountant it shows that it has taken same direction of (Cipullo Nadia and Vinci Guerra Rosa 2014) study has been which analyzed the effect of accounting rules on liquidity in banks where the concepts of liquidity and liquidity risk were first introduced. This is essential in a critical examination of the internal data of IFRS 9. The analysis and verification of the contents of IFRS 7 with respect to Liquidity risk disclosures have been strongly questioned in recent years in the conviction that capital markets can meet customer liquidity needs. One consequence is that IASB has introduced IFRS 9 as an alternative to IAS 39 to improve the classification and measurement mechanisms for financial instruments, which is one of the main causes of the financial.

The literature of IFRS 9 tested the market reaction from the date of the announcement of IFRS 9 related to more than 5,400 listed European companies. And found a generally positive reaction to the application of IFRS 9. This organization specifically states that corporate shareholders in countries where the rule of law is weaker and less common between GAAP and IAS 39. simulation exclude the possibilities that the error Sampling or extracting data to achieve results. The main findings of the study indicate that it is robust for confusing events and the extended of media coverage's of The each event's. These resolution suggestion that investor view the new organization as an enhancement of shareholders' wealth and support system the view that comparison of accounting standard for European companies is benefited to From international investor and outweighs the costing of the poorest company's information. crisis. Despised the efforts of the International Council to introduction provisions

capable of ensuring relevant and useful the information to assess the amount, timing and uncertainties of the future cash flows of an entity, there some critical points associated with those requirement highlighted in the paper. The results indicated that the IASB should consider the opportunity to pay more attention to the business models and behavioral liquidates characteristics association with financial instruments. (Enrico Onali & Gianluca Ginesti 2014). A study of Phillip de Jager 2014 noted the subject of modern interested in accounting research are the investigation of the role of (FVA) in the global financial crisis. the research focused in finding a links during crisis period and often statement that "accounting is only an intermediary." The model presented in this paper emphasizes the creation of a pre-crisis link and "accounting as funds". The accounting model of the economy is used because standard cash transfer models cannot integrate the characteristics of the global of financial crisis, it such as the effective of feedback, system risk or the centrality of the financial sector in the crisis. The FVA model appears in bank as an accelerated doubling of the financial cycle. The feedback influences observed the model including change in the demand for financial instrument and change in demand the real economical. The crisis appears it be coordinating with the model and operating through the fragility of balance sheet in the real sectors as well as in the financial sector. The fragility of the bank's securities is caused by poor capital that pays good capital, banks that reach yield, and a reversal of the yield curve. The model demonstrates that the practice of not meeting the growing demand for credit with increasing credit supply is a mechanism that essentially governs the financial cycle. Study of (Chen Chen et al., 2013) was tested the external factors by adopting mandatory IFRS standards on the efficiency of investment for companies in 17 European country. Where the ROA was used between the company and its peers to obtain information on the investment performance of their peers. It's found that the indirect impact of the difference in return on equity in the company against the influence of peers and foreigners on increasing the efficiency of investment in the company after the adoption of international standards, but not to their local counterparts. Increases disclosure from both foreign and local peer after the adoption of IFRS has also had an indirect impact on the Company's investment efficiency. Furthermore, changes in the Company's investments resulting from the difference in return on assets against peers and foreigners are more valuable after the adoption of IFRS and those changes resulting from increases disclosure by their foreign counterparts under IFRS related to the value. The results reveal additional analyzes that are strongly influenced by legal enforcement, peer formation and industrial competition. Paper of (Chee Yeow Lim et al., 2013) represents an attempt to test the implication of the Bank's reclassification decision

on the characteristics of analysts' earnings forecast for 2008-09. In October 2008 the IASB amend IAS 39 to allows bank to Reclassification financial asset previously measurement at fair valued at amortized costing. By Reclassification financial assets, the Banks may most likely avoid recognition of unrealized fair values losses and thereby increased its the income and regulatory or capital during the decline in the market. When economic conditions were very volatile. It's found that the choice of reclassification during the financial crisis has reduced the accuracy of analysts' expectations and increased the dispersion of expectations. Also found that the observed decline in the analyst's predictability was limited to the year of adoption when the economic environment was highly volatile. A study of (Mari Paananen et al., 2012) dealt with the determination of bank or decision to reclassify financial assets under the amendment to IAS 39 and the capital marketing consequences of such Reclassification. The researchers identified potential motivations of bank Reclassification behavior, namely solvency Margin and exposure to financial markets. These Reclassification are expected to adversely affect marketing prices for bank account numbers. The results of this study show that near-minimum capital adequacy requirements are already correlated with bank decisions to reclassify financial assets. In addition, found evidence that the level of exposure to fair value measurement also increases the probability of reclassification. In the second part of the analysis, the difference method was used to test the bank account numbers for the market price around the time of Reclassification. It was noted that for the Reclassification of banks, investors rely on profits and book value of shares after reclassifications more than before. However, the amendment to IAS 39, there is no differences in investor pricing of the account number for a control group of non-reclassified banks and reclassified banks. An objective of (Christian Laux and Christian Leuz 2010) study is to report the assets and liabilities on the balance sheet at fair value and to recognize changes in fair value as well as profit or loss in the income statement. When market prices are used to determine fair value, the some critics argue that fair values account ion exacerbation the severity or the financial crisis in 2008. On the bases that FVA contributes to excessive leverage in boom period and lead to excessive reduction in the representation of write-offer due to lower Marketing prices, which drain the banks' capital and put in a downward spiral, required banks to selling asset at resale prices, which in turn can lead to asset resale prices in one bank becoming relevant in other banks. These allegations are often taken on the face of it, but evidence of problems arising from fair value accounting is rarely provided.

These arguments were discussed, the descriptive and empirical evidence was examined by focusing on the FVA for US banks in the crisis. That large loss could cause obvious problem for bank and other financial institution. The appropriate question for the situation was whether reported such loss in the context of the creation of fair value accounting posed additional problems. Similarly, the determination of fair values of fixed assets in a crisis is of a very different nature, as the value of fixed assets was fair, making things worse? Was the market reacting differently? If bank have not reparation their loss or used a differentiation set of accounts. And finally (Christopher S. Armstrong et al 2010) studied tested the reactions of the European Security Market to associated events with the adoption of IFRS in Europe. The adoption of the International Financial Reporting Standards (IFRS) has been a signal in financial reporting and convergence has led to high levels of argument in government. The reaction was found to be increasingly positive for companies with less quality information prior to adoption, which is more obvious to banks, with information asymmetric prior to higher adoption and in line with investors' expectation of the benefits of the quality of net information from IFRS adoption. There was an increasingly negative reaction to companies based in unclear countries, in line with investors' concerns about the enforcement of IFRS in those countries. Finally, there was a positive reaction to the adoption of IFRS for companies with previous high-quality information, in line with investors' expectations of the interests of net convergence from the adoption of international standards.

3– A theoretical side:

3–1 Summary of major changes

- 1. Classification and measurement of financial assets:** The new standard is based on the measure and classify of financial asset at fair values, with chang in fair values recognition in profiting and losses as they arise ("FVPL") unless the criteria for measure and classify the asset are met either at amortized costing or fair value through other comprehensived income ("FVOCI"). (Like loans). FVPL can be used if the assets qualifies for FVOCI or amortized cost to avoided mismatches. IFRS 9 is simpler than IAS 39 but at a certain prices, and the additional threat of fluctuation in profiting and losses. While the defaulted measure under IAS 39 for a non-traded asset is FVOCI under FVPL 9. This could have serious consequence for entities that own instrument other than ordinary loans or accruals receivables whose business model includes the realization of financial assets to be sold or investments in securities portfolios. Another from factor contributed to Effects the treatment

of derivative embedded in financial asset. Under IAS 39, embedment derivative that is not closely related hap to a contracted are classify as non-commercial with FVPL, but the contracted is often measure at amortized costs. Under Standard 9, the contracts should be measure in all cases with FVPL except for a few cases. The fictive that the IFRS 9 modal is samplers than IAS 39 does not needs mean that it is simpler. For example, determine whether leases and accounts receivable are "basically", including the adequacy of their term to justify their measure at amortized costs or FVOCI, can be difficult to obtain. Consider the competitive that may arises or their effects on classified and measure. The news model can said to produced the same Such as IAS 39, it cannot be assumed that this is necessarily the case. The only time that a financial asset can be safely classified and measured will always be the same as IAS 39 for non-hedged derivative financial assets that will be at fair value through profit and loss (FVPL).

2. **Classification changes and other measurements** IFRS 9 changes to the requirements of IAS 39 for the classification and measurement of financial assets and liabilities, and establishes new criteria for reclassification of financial assets and liabilities. Although these changes in classification and measurement requirements are simple, they can affect the financial statements of certain companies and their effects need to be evaluated.
3. **Impairment of financial asset:** An impairment account is the second the major area of
a primary change where:
 - The standard eliminates valuation requirement for investment in equate instrument because they can only be measurement at FVPL or FVOCI without recycling the changed in fair values to profiting or losses.
 - The Standard determine a news approach to loan and accounts receivables include trade receivable which is the "expect credit loss" model that focuses more on loan risk than if the loss was incurred
4. **Expected credit losses** Under the "expected credit loss" model, the entity calculates the credit loss provision by controlling at the reduced basis of cash shortage it will different hypothetical scenarists for the specified future period and multiply the shortfall through the probability of the each scenario reaching the probable outcome. As each outstand loan holds some risk of default, and each of these assets has an expect loss associated with it form's the

momentum of its creation or acquisition. Can be "expect credit loss" and the news model is confusing. As expected credit losses are likely to be probable, these amounts are not necessarily "expected" or "losses", which in fact represent credit risk measures for an asset. The Standard sets out three separate approaches for measuring expect credit loss:

- A approach general that applauses to all loaned and accounted receivable those are not eligible for the other approaches;
- A introduction simplified are the required for certain traded receivables and the so-called "IFRS 15 Contracted Asset" and other options for such asset and lease accruals and,
- Credited adjustment approach applies to loan wholes credited value is impairers at initial recognizing (For example loan obtained at a significant discount ion due to their credited risk)..

2-2 Classification and measurement

1. **Measurement at initial recognition** On initial recognition, all financial assets and financial liabilities at fair value (which in some cases are adjusted for transaction costs) are measured, as an exception for trade receivables that do not include a significant financing component as defined in IFRS 15 Revenue from customer contracts is measured at transaction price (for example the amount of the invoice except for the cost collecting on behalf of third parties such as sales taxed).
2. **measure and classify of financial assets after initial recognition** The practical implications of these criteria are that, in accordance with the option for investments in equity instruments, they are measured at fair value of other FVOCI. While Loan, receivable and investment in debtor instrument and other similar asset (hereinafter "loans and accrual receivable" On the measure at amortized costs or the fair values of other comprehensive income items (FVOCI). In critical cases when initial recognition of investments in equity instruments is measured in the FVOCI option, the entity may, according to its sole optional, designated an the investment in the equities instrumental as irrevocably if the asset is not a trading contract or contingency considerations in the business group. Changes in fair value are recognized in other comprehensive income and are not reclassified to profit or loss even if the asset is impaired, sold or disposed of.

3. **Cost as a basis for fair value estimation** In limit circumstance, the cost may provide an appropriate estimation of fair values if the latest the information is not available to measurement fair value or if there is a wide range of possible fair values measurement and the costs represent the best estimated of fair values within that range.
4. **Test the business model** :If the assets is part of the group or portfolio managed in the business model whose objection is to collected contractual cash flows (amortized cost) or both, the FVOCI is classified at amortized cost or fair value through FVOCI and otherwise the asset is measured in FVPL.
5. **Classification of business models** The identification of business models can be seen through entity activities and the confirmation of relevant evidence, including how information on financial assets is assessed and performed by key management personnel, the risks that affect the performance of the group and the manner in which such risk are management, and how are managers' are compensation (for example, Compensating is based on the fair values of the contractual asset or cash flow collected.

2-3 Calculation of expected credit losses That are the estimated of expectation credit loss's may necessarily require a complex process and that are the entity need to identify for each possible scenario. In some cases, relatively sampled modeling may be sufficient without the needs for a large numbers of simulation or detailed scenarios. In other cases', entities needs to identify a numbers of scenarios. The standards also permeation the used of model to estimated expected loss that do not required scenario analysis and explicit probability. For example, statement that the average credit losses of a large group with common risks characteristics may be a reasonable estimated of the likely amounts of probability.

2-4 Presentation and Disclosure The application of the Standard has led to subsequent changes in the requirements for disclosure of financial instrument in IFRS 7 Financial Instruments: the disclosures change from the revisions of the mutual-references and subsequent change to corrected requirement to significant the new requirement. When moving to the standards, entities should ensures that system, process, etc. are revised. For information to meets the revised disclosures requirement disclosure will be a challenge in complex's cases. Entities may also needs to update their disclosures of significant estimated and judgment under IAS 1 Presentation of Financial Statement to take into accounting the various estimated and judgment applied under the new standards to the extent that more

financial instrument are classified in FVPL or FVOCI. After adoption of the Standards, entities will also needs to consider. In the most comprehensives disclosure required under IFRS 13, to measurement the fair value of instrument measured at fair values on a recurring basis.

2-4 Society and Study Sample: The studs' community the total group of element ion that the researcher seeks to generalized the resulted related to the problem studs'. The original study community consists of. The sample of the study was randomly selected from the study community. The researcher distributed a number of questionnaires to some of the Central Bank of Iraq Bashar branch, Chartered accountants in Federal Board of Supreme Audit, professors of the Accounting Department at different types of Iraqi universities government and private, Private Auditors Offices, as well as the and the private banks in the province of Iraq. The questionnaire was used to identify (%) of the target population. In order to produce accurate results, for members of different groups and different qualifications and scientific disciplines, and different job titles, and various years of experience.

4-Reliability of scale: In order to verify the internal consistency of the scale paragraphs and to determine the validity, suitability and measurement of the questionnaire for the current study variables (international standards, presentation, measurement and risk), the researcher used SPSS v. 22 for the measurement of Cronbach's Alpha factor as in Table (1).

Variables	Number of Paras	Cronbach's Alpha
IFRS	5	0.85
Disclosures	7	0.84
Measurement	6	0.83
Risks	6	0.82

Source of the researcher's preparation based on the outputs of SPSS v.2The results indicated in Table (1) indicate that there is consistency and high internal consistency between the scales of the current study scale (0.85 - 0.82), comparing with that of Sekaran and Bougie (2010) > 0.7.

5- descriptive and Analysis of Variables: Table (1) shows the mean and the standard deviation of the independent variable (strategic accounting) and the dependent variable (the competitive advantage) expressed (low cost, quality, customer response, deposit). Nominal categories (Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree) were converted to numeric categories (1, 2, 3, 4, and 5), respectively, and then entered into the statistical program:

Table (2)

	The variable	Mean	Standard Deviation	Weight	Explanation
1	The independent	3.90	0.76	4	Accept
2	The Present	3.88	0.82	4	Accept
3	The Measurement	3.55	0.90	4	Accept
4	The Risk	3.98	0.74	4	Accept

The researchers show the table (2) that the mean value of the responses of the sample to the first variable (2) was independent variable (3.90) This value is very close to weight (4) which means (I agree). The mean value of the sample of the second variable (Present) dependent variable was (3.88). This value is very close to weight (4) which means (I agree). This indicates the majority of the study communities agree that when presenting financial statements that recognize a fair value gain (loss) the investors are more likely to misjudge company value. And that the mean value of the sample of the third variable (Measurement) variable was (3.55). This value is close to weight (4) which means agree. This indicates the majority of the study communities agree that all derivatives whether commercial or not are measured at fair value through profit or loss FVPL except for few cases. And that the value of the mean value of the sample of the fourth variable (Risk) dependent variable was (3.98) and this value is very close to the weight (4) which means (agree), and it's indicates the majority of the sample agree. It's mean that the amount of the change in the fair value of the financial assets and liabilities is attributable to the change in credit risk.

5- hypothesis test

5-1 The Correlations : Hypotheses tests related a correlation in the current search as follows:

- Table (3) shows a significant correlation between the independent variable (IFRS 9) and the dependent variable (present). The correlation value is (0.735) at a significant level (0.05).
- Table (3) shows a significant correlation between the independent variable (IFRS) and the dependent variable (measurement). The correlation value was (0.634) at a significant level (0.05).
- Table (3) shows significant correlation between independent variable (IFRS) and dependent variable (risk), with correlation value (0.804) at a significant level (0.05).

Table (3) Results of the correlation between the independent variable and the dimension of the dependent variable.

The dependent Variable	First dependent Variable (disclosure)	Second dependent Variable (Measurement)	Third dependent Variable (Risks)	T- table
The independent Variable	0.735	0.634	0.804	
T- value				1.96
P- Value	0.000	0.000	0.000	
Result	Acceptance Hypothesis	Acceptance Hypothesis	Acceptance Hypothesis	

The results in Table (3) shows the acceptance of the hypotheses as all correlation coefficient values were significant at the level of T greater than 1.96.

5-2 Influence relationships The following table shows the results of analysis of the variance between the independent variables and dimension of dependent variable.

Table (4) shows ANOVA analysis of the relationship between the independent variable and the dependent variable dimension

Model	Sum of squares	d.f	Mean Squares	F	P- Value
Regression	16.356	1	16.356	432.962	0.000
Residual	3.457	49	0.22		
Total	19.813	50			

Table (5) Transactions model

Table (5) Transaction Model

Model	Unstandardized Coefficients		Standardized Coefficients		P-Value
	B	Std. Error	Beta	T	
Constant	0.603	0.126		3.329	0.000
TQM	0.812	0.042	0.882	24.765	0.000

Table (6) shows the analytical indicators summary of the effect of the independent variable in achieving the dimensions of the dependent variable Dimension of variable dependent

Dependent R2	indicators	Independent Variable	Significance level
Present	F	206.67	0.05
	P value	0.000	
	R2	0.540	
	B	0.735	
Measurement	F	103.65	0.05
	P value	0.000	
	R2	0.401	
	B	0.634	
Risks	F	231.19	0,05
	P value	0.000	
	R2	0.646	
		0.804	

We summarize the analysis indicators at the level of the theoretical dimensions, which we conclude from the Table (6) above, the following:

1. The independent variable has a significant effect on the present and disclosure, with the calculated value of (206.67) being greater than the scale at $P = 0.05$ and B (0.735). The independent variable (present) explains 54.0% of the dependent variable (Present and disclosure) as the value of the limiting factor ($R^2 = 0.540$). The independent variable (Measurement) has a significant effect on the measurement. The calculated value (F) is 103.65, which is greater than the scale at $P = 0.05$ and B (0.634). The independent variable explains (40.1 %) Of the dependent variable (measurement) as the value of the coefficient of determination ($R^2 = 0.401$).
2. The independent variable (Risk) has a significant effect on the risk, with the value of (F) computed (231.19), which is greater than the scale at $P (= 0.05)$ and B (0.804). The independent variable explains (64.6% of the dependent variable (risk) with the value of the limiting factor ($R^2 = 0.646$). Conclusion and recommendation: Researchers can use the following conclusion and recommendation s through their study
3. Provision levels are the expected to substantially increase under IFRS 9.

A Problems expected to apply IFRS 9 in the Iraqi private banks

- A. Iraqi Banks will have to estimate and the book an upfront, forward-looking the expected loss over the life of the financial facility and monitor for ongoing credit-quality deterioration.
 - B. Iraqi Banks will need to the reclassify assets. They will also the need to map products that can be categorized before the calculation (contractual cash flow).
 - C. Further equity issuances may be needed, with the potential for greater pro-cyclicality on lending and provisioning owing to IFRS 9.
4. The IFRS 9 provision model will make banks evaluate, at origination, how economic changes will affect their business models, capital plans, and provisioning levels.
 5. Systems will need to change significantly to the calculate and record changes requested by IFRS 9 in a cost-effective, scalable way.
 6. Data requirements will increase to meet IFRS 9-related calculations and monitoring.
 7. Retrieval of old portfolio will also be needed, especially for the formed prior to the application of the IFRS 9.
 8. IFRS 9 impair mention calculation requires higher volume of data IAS, which may substantially increased the performance and computational requirements of a credit-loss impairment calculation driver.

References:

1. Admati, A. R., and P. Pfleiderer. 2000. Forcing firms to talk: Financial disclosure regulation and externalities. *Review of Financial Studies* 13 (3): 479–519.
2. Ann L.-C. Chan, Audrey W.-H. Hsu and Edward Lee “Mandatory adoption of IFRS and timely loss recognition across Europe: The effect of corporate finance incentives” *International Review of Financial Analysis* 38 (2015) 70–82.
3. Beer Baum. D, Significant increase in credit risk Accounting to IFRS 9. Implication for financial institutions. *International Journal of economics management science* Vol. 4 2015 P 3- 12.
4. Brian Brat ten, Monika Causholli1 and Urooj Khan “Usefulness of fair values for predicting banks’ future earnings: evidence from other comprehensive income and its components” *Rev Account Stud* (2016) 21:280–315.
5. Chee Yew Lim, Chu Yeung Lim, and Gerald J. Lobo “IAS 39 reclassification choice and analyst earnings forecast properties” *J. Account. Public Policy* 32 (2013) 342–356
6. Chen Chen, Danqing Young and Zili Zhuang” Externalities of Mandatory IFRS Adoption: Evidence from Cross-Border Spillover Effects of Financial Information on Investment Efficiency the *Accounting Review* Vol. 88, No. 3 DOI: 10.2308/accr-50384 2013 pp. 881–
7. Christian Laux and Christian Leuz “Did Fair-Value Accounting Contribute to the Financial Crisis?” *Journal of Economic Perspectives—Volume 24, Number 1—Winter 2010—Pages 93–118*
8. Christopher S. Armstrong, Mary E. Barth, Alan D. Jagolinzer and Edward J. Riel “Market Reaction to the Adoption of IFRS in Europe” *THE ACCOUNTING REVIEW* Vol. 85, No. 1 DOI: 10.2308/accr.2010.85.1.31 2010 pp. 31–61.
9. Cipullo Nadia and Vinci Guerra Rosa “The impact of IFRS 9 and IFRS 7 on liquidity in banks: Theoretical aspects” *Social and Behavioral Sciences* 164 (2014) 91 – 97.
10. Dai Fei (Troy) Yao, Majella Percy and Fang Hu “Fair value accounting for non-current assets and audit fees: Evidence from Australian companies” *Journal of Contemporary Accounting & Economics* 11 (2015) 31–45
11. Daske, H., L. Hail, C. Leuz, and R. Verdi. 2008. Mandatory IFRS reporting around the world: Early evidence on the economic consequences. *Journal of Accounting Research* 46 (5): 1085–1142.
12. Dimu Ehalaiye, Mark Tippet, and Tony van Zijl “The predictive value of bank fair values” *Pacific-Basin Finance Journal* 41 (2017) 111–1
13. Douglas Ayres, Xuerong (Sharon) Huang and Mark My ring “Fair value accounting and analyst forecast accuracy *Advances in Accounting* 37 (2017) 58–70
14. Enrico Onali, and Gianluca Ginesti “Pre-adoption market reaction to IFRS 9: A cross-country event-study” *J. Account. Public Policy* 33 (2014) 628–637.

15. Gea - Carraso Cayetano & Patel Nihil " Implementing an IFRS 9 Solution: Challenges Faced by Financial Institutions" Moody's analytics Risk Perspectives (The convergence of Risk, Finance and Accounting) Volume V11 2016.
16. Horwath, Crowe, Professional Auditors Issues No.3 3rd quarter 2014 p 13- 27.
17. Irina-Doina Pascan "Measuring the effects of IFRS adoption on accounting quality: a review" *Procedia Economics and Finance* 32 (2015) 580 – 587.
18. Janis Bischof and Holger Daske B "Interpreting the European Union's IFRS Endorsement Criteria: The Case of IFRS 9" *Accounting in Europe*, 2016 Vol. 13, No. 2, 129 –168
19. Leuz, C., D. Nanda, and P. Wysocki. 2003. Earnings management and investor protection: An international comparison. *Journal of Financial Economics* 69 (3): 505–527.
20. Li, S. 2010. Does mandatory adoption of international financial reporting standards in the European Union reduce the cost of equity capital? *The Accounting Review* 85 (2): 607–636
21. Maik Lachmann, Ulrike Stefani and, Arnt Wöhrmann "Fair value accounting for liabilities: Presentation format of credit risk changes and individual information processing" *Accounting, Organizations and Society* 41 (2015) 21–38
22. Mari Paananen¹, Anne lies Renders², and Kim M. Shima "The Amendment of IAS 39: Determinants of Reclassification Behavior and Capital Market Consequences" *Journal of Accounting, Auditing & Finance* 27(2) 208–235.
23. Page, Michael " Business model as a basis for regulation of financial reporting" *Journal of management and governance*, Vol. 18, 2014 p 684.
24. Phillip de Jagger "Fair value accounting, fragile bank balance sheets and crisis: A model" *Accounting, Organizations and Society* 39 (2014) 97–116.
25. Subramina. R.V. Vekata" Salient differences between IAS 39 and IFRS crationary 9. December 2009 p 1-23.