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Effect of application IFRS No.9 on the financial performance: The Moderating Role of Corporate Governance Practices in Iraqi commercial banks

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Abstract:

The aim of the study is to investigate the impact of applying International Financial Reporting Standard.(IFRS.9) on profit management in Iraqi commercial banks. Also measuring the impact of applying Financial Reporting Standard No. 9 and the characteristics of the Board of Directors and the Internal Audit Board on the performance of Iraqi commercial banks and measuring the impact of applying International Financial Reporting Standard No. 9 on corporate governance in Iraqi commercial banks listed on the Iraq Stock Exchange and verifying the research hypotheses. The choice was made on A sample consisting of 154 observations of Iraqi banks, and their financial statements for the period (2012-2022) were used. The statistical results obtained have highlighted that there is an impact of applying the International Financial Reporting Standard No. (9) on the financial performance of Iraqi commercial banks, and therefore the commitment to applying the International Financial Reporting Standard No. (9) will lead to improving performance in Iraqi commercial banks. The statistical results obtained also showed that there is a statistically significant relationship between the size of the board of directors as

one of the corporate governance mechanisms that modifies the relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks.

The results of testing the hypotheses showed that there is a statistically significant relationship between the independence of the board of directors as one of the corporate governance mechanisms, which modifies the relationship between International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks. As for the modified variable, the percentage of women's representation on the board of directors, the results of the test The hypotheses are that there is no statistically significant relationship between the percentage of women's representation on the board of directors as one of the corporate governance mechanisms that modifies the relationship between International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks.

The results of the research also showed that there is a statistically significant relationship between the size of the internal audit board as one of the corporate governance mechanisms that modifies the relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks. It also showed that there is a statistically significant relationship the independence of the Internal Audit Board as one of the mechanisms of corporate governance modifies the relationship between International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks. Finally, there is a statistically significant relationship between the percentage of women's representation on the Internal Audit Board as one of the mechanisms of corporate governance modifies the relationship. Between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks.

Keywords: IFRS No.9, Corporate governance, Board Structure, Audit Committee, Financial performance.

1. INTRODUCTION:

In 2005, the European Union made International Financial Reporting Standards (IFRS) mandatory for European listed firms with the aim of improving the quality and comparability of financial reporting. Prior studies show that reporting diversity across countries persists after IFRS adoption, since managers retain discretion in applying IFRS (e.g. Daske et al., 2008). Only recently, however, have researchers begun to investigate reporting diversity during the adoption process itself, which is the focus of the current study. This emerging literature indicates that (a) firms have substantial leeway regarding how much information they provide to investors in reconciling from local GAAP to IFRS and complying with mandatory and voluntary standards for the first time; and (b) IFRS reconciliation disclosures convey information to the market; (c) International financial reporting standards work to improve financial performance in many companies. (e.g. Wang and Welker, 2011).

The importance of the role of governance in the success of adopting international accounting standards or improving financial performance is clear. Therefore, the second part of this problem will address the modifying role that governance plays in the relationship between the application of international financial reporting standards and financial performance.

As corporate scandals indicated the need for good corporate governance practices, therefore, there was recognition of the key role that corporate governance plays in improving the quality of financial reporting outputs. Given the prominent role of banks in the financial sector, banking governance structures must be of special importance compared to other sectors, such as industrial sectors, for example, and they differ. Corporate governance in banks differs significantly from the governance of industrial companies and this indicates that effective governance mechanisms are important to further improve financial performance (De Haan et al., 2016).

Our study many mains objectives. First, we study the difference in the level of financial performance in Iraqi commercial banks before and after applying International Financial Reporting Standard No. 9 (IFRS9). Second, we investigate the association between adoption quality and corporate governance strength. Third, Measuring the impact of corporate governance on the financial performance of Iraqi commercial banks. Fourth, measuring the impact of applying International Financial Reporting Standards (IFRS) on the financial performance of commercial banks listed on the Iraq Stock Exchange. Finally, measuring the impact of applying the International Financial Reporting Standard (IFRS9) on financial performance in light of corporate governance in commercial banks listed on the Iraq Stock Exchange.

2. Research problem:

In April 2009, in response to the input received as a result of their work responding to the crisis, and following the conclusions of the G20 leaders and the recommendations of international bodies such as the Financial Stability Board (FSB), the IASB along with the FASB announced an accelerated timetable for replacing their respective financial instruments standards - IAS 39 (which was applicable from 2005 to 2017 in the European Union) with IFRS 9. As a result of these efforts the IASB issued an Exposure Draft Financial Instruments: Amortized Cost and Impairment (ED/2009/12), which proposed requirements for how to include credit loss expectations in the amortized cost measurement of financial assets (IASB, 2009). The key feature of the proposals is the aim to reflect the relationship among the pricing of financial assets and ECLs by recognizing interest on a credit-adjusted yield basis with changes to initial expectations of credit losses subsequently being recognized as gains and losses. The effect of this is that initial expectations of losses would be recognized over time within credit-adjusted interest (e.g. as a decrease to interest) with subsequent changes in expectations being recognized when the changes in expectations occur.

<u>The research problem can be summarized in answering the following questions:</u>

1. What is the concept of (IFRS,9) and the challenges to its application?
2. What is corporate governance, its objectives and mechanisms?
3. What is the relationship between the application of IFRS 9 and financial performance under corporate governance in Iraqi commercial banks?

3. Research aims:

This paper aims to study the impact of applying the International Financial Reporting Standard No. 9 (IFRS9) on the financial performance of commercial banks listed on the Iraq Stock Exchange and the mediating role of corporate governance.

This study also aims to achieve the following sub-objectives:

1. Study the difference in the level of financial performance in Iraqi commercial banks before and after applying International Financial Reporting Standard No. 9 (IFRS9).
2. Measuring the impact of applying International Financial Reporting Standard No. 9 (9IFRS) on corporate governance in Iraqi commercial banks.
3. Measuring the impact of corporate governance on the financial performance of Iraqi commercial banks.
4. Measuring the impact of applying International Financial Reporting Standards (IFRS) on the financial performance of commercial banks listed on the Iraq Stock Exchange.
5. Measuring the impact of applying the International Financial Reporting Standard (IFRS9) on financial performance in light of corporate governance in commercial banks listed on the Iraq Stock Exchange.

4. Research contribution:

The scientific contribution of the research is embodied in studying the impact of applying international financial reporting standards in further improving financial performance in light of corporate governance in commercial banks listed on the Iraqi Stock Exchange. This work is also considered one of the first studies on the application of International Financial Reporting Standards (IFRS) to improve financial performance in the Iraqi banking environment using different measurement models to the best of the researcher's knowledge.

The results of our study contribute to the literature on corporate governance of Iraqi banks by investigating the impact of internal governance mechanisms such as the independent board of directors, the size of the board of directors, the percentage of women's representation on the board of directors, the size of the audit board, the independence of audit board members, and the percentage of women's representation on the audit board in banks listed on the Iraqi market. Money bills . It is important to know that there is little evidence about how the effectiveness of the implementation of IFRS No. 9 is affected. Evidence was recently found on the impact of the bank's financial performance, using a sample of financial institutions (the banking sector. The current study focuses mainly on Iraqi commercial banks, studying the relationship between corporate governance mechanisms and the implementation of... IFRS No. 9 and financial performance from an academic standpoint. The importance of the research stems from it being a modern and contemporary accounting issue and thus contributing to adding knowledge by providing literature on International Financial Reporting Standards (IFRS No. 9) accounting and financial performance.

5. Literature Review and Hypothesis Development:

5/1 The concept of financial reporting standards (concept, origin and development):

Since accounting is the only and primary source of financial information, it has kept pace with developments in society in various economic, social and political aspects. Over the past decades, the world has witnessed radical changes at the economic and financial levels, mainly represented by global economic openness, the globalization of capital markets, the growth of multinational companies, and so on. This is due to the expansion of users of accounting information and the diversity of their nationalities. Its emergence can be attributed to the needs of the era of globalization, especially the globalization of financial markets, which in turn was reflected in the globalization of accounting.

<u>5/1/1 The emergence and development of international accounting standards:</u>

In light of global economic developments, the development of international business movement, and the increase in multinational companies, in addition to the increased growth of global financial markets, this has led to increased differences in the application of accounting rules and fields between countries of the world and the existence of different types of standards that help narrow the gap in diversity in the accounting rules and treatments used. Which helps in achieving comparisons between the financial reports of local and international companies in a way that increases investors' confidence in the credibility of those reports. This led to the emergence of the need for unified international accounting standards that can be applied at the local and international levels. The goal of establishing international financial reporting standards is to produce financial statements that reflect the true financial position of the company fairly and transparently during a specific period of time.

As a result of the repercussions of the global financial crisis that faced the global economy in 2008, one of the real causes of this crisis was the wrong practices of using international accounting standards used by large companies, especially American companies, to manipulate profits and inflate their assets, which ultimately led to a global crisis. This led to clear changes to the business environment in general, and to accounting standards in particular, due to the role accounting standards play in the economic and business environment. The most important of these changes are the changes that occurred in the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS). Along with changes in generally accepted accounting principles (GAAP). These changes led to reducing the negative effects of the global crisis, in addition to meeting the requirements of many by making amendments and improvements to existing standards to ensure the quality of financial reporting, supporting comparability and improving transparency, increasing transparency, increasing the quality of financial reports to increase investor confidence, and increasing the efficiency of financial markets with Taking into account the interests of all parties benefiting from the various facilities (Al-Zumar, 2012).

The concept of international accounting standards appeared in 1904 at the first international conference held in St. Louis, and at the tenth international conference this idea crystallized with the establishment of the International Accounting Standards Committee in 1973 (IASC). The International Accounting Standards Committee has gained wide recognition and a large number of professional associations have joined it in most countries of the world, whether Europe, Asia or others, which led in 1982 to the accession of all professional accounting bodies that were members of the International Federation of Accountants, which included two hundred professional bodies around the world. To the International Accounting Standards Committee (Ali, 2017), the process of issuing these standards, which numbered 26 standards, continued. These standards were distinguished by containing many options to facilitate their adoption and avoid application problems, as an approved accounting treatment is chosen in a specific country, then this treatment is adopted and introduced. Amendments to it if necessary, and seeking international acceptance for it (Al-Qadi and Al-Rishani, 2012).

In 1988, the International Accounting Standards Committee reduced the alternative methods available in previous standards, in addition to making some amendments to the previously issued standards (Mohsen, 2008), and until the year 2000, the number of standards that had been issued through the International Accounting Standards Committee reached (41). International accounting standards in addition to (33) interpretations of these standards. In 2001, the International Accounting Standards Committee (IASC) was restructured and the International Accounting Standards Board (IASB) was formed, which began its duties in London, so that the Council adopted the International Accounting Standards (IASB) issued The Committee continued to develop new standards. In 2002, accounting principles were switched to International Financial Reporting Standards (IFRS), and companies in nearly 100 countries adopted these standards, such as Australia, New Zealand, Canada, and the European Union countries, followed by the Arab countries.

The International Financial Reporting Standards (IFRS) are considered one of the most important and prominent aspects of the development of the accounting profession, which emerged to keep pace with fundamental developments in the field of business as the ideal means to make the accounting profession a reliable practice that represents the various sectors. It also worked to provide accounting behaviors with rules and principles for their practice and controls to guide them. It can be referred to and reviewed when necessary, and it also works to limit the multiple accounting treatments for a single transaction, and to provide high-quality financial statements that help stakeholders in making decisions (Abu Amr, 2017).

These standards contribute to comparability and transparency, reduce the costs of preparing financial reports, and provide investors and other users with the required and sufficient information (Paul & Burks, 2016), so that the previous standards continued in practical application unless they were replaced by any of the financial reporting standards. 120 countries around the world have adopted International Financial Reporting Standards (IFRS). It competes with American standards. Countries in Asia, Africa and Europe have also adopted international financial reporting standards. However, there are several setbacks that have made companies and countries hesitant in adopting international financial reporting standards, and these are related to accounting capabilities (Shawshi, 2016).

5/1/2 The concept of international accounting standards:

International Accounting Standards have been translated directly into International Financial Reporting Standards and financial information is considered to be of high quality and of utmost importance to the capital market. This is due to the accounting standard to create rules that allow more transparent accounting information to be passed to users of financial statements (Ahmed et al. 2012). Accounting standards have been defined as several laws, legislation, and regulations issued by independent professional bodies and organizations in order to organize and unify accounting work, maintain harmony and compatibility between the outputs of the accounting system, and present the outputs and reports properly to the final beneficiaries (Stergios & Laskaridou, 2008). As defined by the International Standards Committee, they are the guiding rules that professionals use to support their diligence and inspire their wisdom, but they never reject wisdom or diligence, and they are a clear professional definition of generally accepted professional practice (Al-Azmi, 2012).

International Accounting Standards are defined as accounting standards and interpretations issued by the International Accounting Standards Board that aim to provide high-quality, transparent and comparable information between financial statements and reports to assist investors and other participants in global financial markets and other financial users when making economic decisions (Atallah, 2009).

International Financial Reporting Standard No. (9) aims mainly to reduce the problems and obstacles that accompanied the application of International Accounting Standard No. (39), as the standard focuses primarily on establishing principles for preparing financial reports for financial assets and liabilities so that this enables the presentation of appropriate and useful information to users. Financial statements for the purpose of evaluating the amounts, timing and uncertainties related to the entity's future cash flows. And establishing foundations for recognition, measurement, amortization, and hedge accounting as part of the International Accounting Standards Board’s project to replace the International Accounting Standard (IAS, 39) for financial instruments, recognition and measurement. International Financial Reporting Standard No. (9) was prepared objectively as an input for recognizing and measuring financial assets in a way that reflects the business model. Which can be managed through contractual cash flow characteristics, an impairment model for assets, loans and financial instruments for hedging accounting (IFRS,9).

Regarding the scope of the IFRS (9), the scope of the standard covers all items that fall within the International Accounting Standard (IAS, 39) Financial Instruments, Measurement and Recognition (Venkata, 2009). The scope of IFRS No. (9) extends to include fixed assets in addition to financial liabilities (Crowe, 2014).

5/1/3 The goals of the International Accounting Standards Council:

The goals of the International Accounting Standards Council are determined by the development of a unified group of international financial reporting standards (IFRS) accepted globally and built on specific principles, for the public interest, in the production of high -quality financial reports that can financial reports:

- With technological development and increased globalization, investors and all parties in the financial markets need understandable, reliable and strong financial statements. (özgün, 2018).
- International accounting standards include compliance, integrity and transparency in the financial statements of multinational companies working in their own accounting system. Financial reports must be strong and understandable to prepare similar financial reports for investors, encourage international investments, decrease capital use, and allocate resources efficiently and economic growth (AkCanlı, 2013).
- Removing the borders between the economies of countries and capital trading and comparing the financial statements of companies operating in various countries and searching for a common accounting language between countries (EVCI, 2008).
- Eliminating differences in accounting practices, unifying accounting principles and creating a common language in the international field during the production and display of financial information, and the ability of companies to manage their financial resources in a similar way.
- The additional costs resulting from the various accounting practices of companies will be eliminated according to the standards.
- Providing useful work rules for the accounting profession, and forcing accountants to improve the quality of their work (Jargalsaikhan, 2014).
- The information obtained from the accounting system applied to the international standards of financial reports is able to fulfill the expected jobs of users and deliver proper information on commercial activities.

- Contribute to achieving the comparison between the financial statements of local and international companies and thus increasing confidence in their credibility (Salah, 2008).

5/1/4 The advantages of applying international financial reporting standards (IFRS):

There are many advantages of the IFRS standards, including: ((kieso&wygandt, 1995):

- The application of international standards for financial reports helps in entering the global and Arab financial markets.
- The application of international standards for financial reports leads to improving the quality of the information provided by the accounting system.
- The application of international standards for financial reports finds general acceptance at the international level.
- The availability of international standards for financial reports allows to prepare unified financial lists for multinational companies.

5/1/5 The challenges to the application of international financial reporting standards (IFRS):

One of the most important the challenges to the application of international standards for financial reports (IKPEFAN & Akande, 2012; Tsegba et al., 2017):

- Political and economic factors.
- Difficulty replacing local standards with international standards of financial reports.
- Conflict between international standards, legislation and laws.
- Difficulty applying international standards to small institutions and companies and the difficulty of coordination between the differences in accounting standards in various countries.

Regarding the challenges and obstacles facing the application of (IFRS,9)

- The continuing need for establishments to evaluate all financial instruments that will be affected by measurement alternatives in accordance with International

Financial Reporting Standard No. (9), and accordingly amendments must be made to the accounting systems of those establishments.

- There are many areas that require diligence and interpretation by financial statement preparers and certified public accountants, such as whether the business model, for example, is actively managed for the purpose of achieving a change in fair value.
- Financial instruments that were reclassified in accordance with International Accounting Standard No. (39) need to be reclassified according to the fair value principle based on International Financial Reporting Standard No. (9), as they depend on business models and their characteristics.
- Applying International Financial Reporting Standard No. (9) requires reclassifying financial assets that were prepared according to the fair value through profit and loss principle, to preparing them based on the amortized cost principle. It also becomes impossible to apply hedge accounting retrospectively, as the previous year's figures (year Comparison) if mentioned needs clarification in the case of gain or loss from the fair value of those assets that were reversed in the previous year against the change in the value of financial derivatives. In addition, the impact of the transitional phase of IFRS No. (9) on retained earnings It may be material if the hedging item is measured retrospectively under the amortized cost principle and the derivative remains at fair value.

5/1/6 Regarding the application of IFRS standards in Iraq:

The application of international standards contributes to improving the quality of accounting information provided to beneficiary parties by providing appropriate information that is understandable, comparable, and highly reliable. Banks also have a special nature in terms of the activities they practice and the risks they are exposed to, and the application of international financial reporting standards in commercial banks helps unify the foundations of preparing financial statements in accordance with the financial statements of international banks (Al-Ghabban, 2010).

Adopting IFRS standards is also crucial in raising the level of credibility of commercial banks' financial statements and raising the level of transparency in disclosure in a way that effectively helps with the soundness of administrative and supervisory decisions, enhances the capabilities of monitoring corruption paths, and ensures a sound environment for investment, in addition to unifying the language of accounting measurement and financial disclosure internationally, which ensures Clarity of vision for making investment decisions (Central Bank of Iraq, 2017).

Iraq is considered one of the first Arab countries to rely on the unified accounting system in 1971, as the unified accounting system was applied in the General Spinning and Weaving Establishment, in 1972 it was applied in production projects, in 1973 it was applied in the Ministry of Industry, and in 1977 it was applied in the Ministry of Agriculture. This was then circulated throughout all economic units. The main objective of the system is to provide information to the higher administrative levels for the purposes of controlling the economy and assisting in performing comprehensive planning tasks.

The level of application of international accounting standards has not reached the level of other countries, as is the case in Turkey and Egypt. Although the accounting standards in Iraq (14) are similar to the international standards applied in those countries in light of the presence of laws that help implement international standards in Iraq, such as Companies Law No. (21), Banking Law No. (94), and Securities Market Disclosure Instructions No. (813) Thus, it is necessary to keep pace with current developments at the regional and international levels by updating accounting standards in Iraq and working to oblige companies participating in the stock market to do so. Also, the application of international accounting standards is often optional, as they represent non-binding international guidance standards and are therefore Primary application of local standards, systems and laws when preparing financial statements. In Iraq, laws were issued: Companies Law No. (21) and Banking Law No. (94), obligating these entities to implement international standards (Al-Zubaidi, 2018).

As for legislation regarding the application of financial reporting standards in banks in Iraq, there are four legislations issued in Iraq regarding the application of international financial reporting standards in Iraqi banks and insurance companies, and these legislations are:

1. **First:** Companies Law No. 21 of 1997: This law applies to mixed companies, private companies, and all investors, and the provisions of this law apply to banks in accordance with Order No. (40) according to which the Banking Law was issued,

and this law applies to stock deals, financial investment companies, and insurance companies. .

2. **Second:** Banking Law No. (94) of 2004: Banking Law No. (94) of 2004, Central Bank Law No. (56) of 2004, and Securities Commission Law No. (74) of 2004 have explicitly indicated the necessity of applying international accounting standards in Preparing and presenting financial statements. The Board of Directors of the Central Bank of Iraq issued its decision in session numbered (12121) in 2007 to prepare the annual financial statements of local banks in accordance with international financial reporting standards. Therefore, banks and financial institutions are obligated to apply those standards without delay, in addition to the fact that banking activity is an activity International, and that the correspondent banks request the final financial statements of Iraqi banks prepared in accordance with international disclosure standards.

3. **Third:** Order No. (6) issued by the Coalition Provisional Authority, Central Bank of Iraq Law of 2004:

- Subject No. (46) and Paragraph No. (5) stipulate that, based on internationally known auditing standards and any standards issued by the systems of the Central Bank of Iraq, the auditor shall review the bank's operations on unified foundations.

- Subject No. (26) regarding general banking principles, Paragraph No. (3) of which stipulates that the Central Bank of Iraq shall determine, through regulations, the detailed standards of bank behavior that the Central Bank of Iraq uses in exercising hedging control in line with international standards and best practices.

4. **Fourth:** Coalition Provisional Authority Order No. (47) of the Iraq Stock Exchange Law:

International accounting standards include the following articles:

- Paragraph C/1 of No. (6) of the section on transactions in securities markets stipulates that the financial data included in the annual report shall be flowed in accordance with international control standards by an independent and legally responsible auditor in Iraq and in accordance with international accounting standards and to the extent permitted by applicable standards. in Iraq.

- Paragraph No. (2) stipulates that the financial statements must be accompanied by a signed copy of the independent auditor’s control report stating that the financial statements have been reviewed in accordance with international control standards and to the extent permitted by the standards in force in Iraq and that they represent a true and fair view of the company’s financial results.

5/2 Corporate governance:

As for Iraq, the Corporate Governance Guide for Banks was issued and reviewed in 2018 and consists of (6) sections in order to help banks strengthen the general frameworks of governance and good management. The Guide included in Subject (6) and (23) that banks prepare a special governance report within their annual report.

The concept of governance has differed among researchers depending on the specialization of these researchers, as the accounting concept of governance differs, for example, from the legal concept of it (Bin Darwish, 2007). Governance, according to the accounting concept, is linked to providing protection for investors’ funds, obtaining appropriate returns, and ensuring that their funds are not used in areas or investments that are not This is done through a set of procedures, controls and accounting standards. It is also an approach that focuses on achieving transparency, expanding the scope of disclosure of accounting data and financial statements and the benefits granted to managers, and applying internationally recognized accounting standards (Singh et al, 2003).

<u>5/2/1 Governance objectives:</u>

The primary goal of corporate governance is to increase the company's value from the perspective of all concerned parties and improve its competitiveness by introducing improvements to organizational performance and accounting issues. This is achieved through sub-goals that can be expressed in the following points (Eldenburg, 2004):

1. Imposing effective control over the performance of economic units and strengthening their accounting accountability.
2. Ensuring a review of the operational, financial, and monetary performance of the economic unit.

3. Evaluating the performance of senior management, enhancing accountability and raising the degree of confidence in it.
4. Deepening the culture of commitment to agreed upon laws, principles and standards.
5. Maximizing the profits of the economic unit.

5/2/2 Governance mechanisms:

The concept of governance indicates the existence of oversight mechanisms that work to achieve the objectives of the economic unit, and the most prominent of these mechanisms are the board of directors, audit committees, and the ownership structure. Governance mechanisms are divided into (Emeka et al, 2024):

1. Internal governance mechanisms:

- Board of Directors:

The Board of Directors is considered one of the most important governance tools that works to implement governance rules and achieve its objectives in an optimal manner (Emeka et al, 2024) and represents one of the oversight tools to separate shareholders from management and formulate the appropriate strategy to sustain the organization's work.

- Audit committees:

The first evidence of the use of audit committees was in the United States of America in the late 1930s, when the New York Stock Exchange advised companies to form audit committees. By 1978, the establishment of audit committees became mandatory for all companies listed on the New York Stock Exchange, in accordance with the Sarbanes Oxley Act of 2002.

- Ownership Structure:

The composition of the ownership structure is one of the effective mechanisms in applying corporate governance rules, as the diversity in the ownership structure represents a monitoring tool on the work of executive departments (Ho et al., 2013). The ownership structure expresses the nature of shareholders in the organization and the shares they own in its capital, which helps determine the form of the relationship in which the organization is managed and the procedures used to organize interests and maintain their balance.

2. External mechanisms of corporate governance:

External corporate governance mechanisms are represented by the oversight exercised by external stakeholders over the unit and the pressures exerted by international organizations interested in this issue, as these mechanisms constitute one of the major sources of enormous pressure to implement governance rules. Examples of these mechanisms include the following (Emeka et al, 2024) :

- Competition in the product (service) market and the administrative labor market.
- External audit.

There are also other external governance mechanisms, in addition to those mentioned above, that affect the effectiveness of governance in important ways that complement other mechanisms in protecting the interests of stakeholders in the unit, which are:

- Legal mechanisms: concerned with improving the legal system to ensure the provision of the appropriate legal framework to achieve corporate governance objectives.
- Organizational mechanisms: It is concerned with improving the organizational structure of institutions to achieve governance objectives, such as clearly defining the powers of the board of directors and various committees.
- Accounting mechanisms: It is concerned with the existence of an effective financial reporting management system that is transparent and provides appropriate information that can be trusted equally by all users when making various decisions.

5/3 The impact of applying International Financial Reporting Standard (9) on corporate governance and financial performance:

Study of (Eyalsalman, 2024) aimed to investigate the impact of International Financial Reporting Standard No. (9), liquidity risks, credit risks, and capital on the performance of Jordanian banks. This study is consistent with the findings of Abbas et al. (2019) & Abdelaziz et al. (2022), highlighting the impact of these factors on profitability in the Middle East and North Africa region. Data from the annual reports of 13 banks listed on the Amman Stock Exchange from 2012 to 2021 were analyzed quantitatively, focusing on profitability metrics such as return on assets (ROA) and equity (ROE). The results indicate a significant impact of implementing IFRS No. (9) and a small impact of liquidity risk. It is worth noting that an increase in credit risk has a detrimental effect on both return on assets and return on equity. The study also finds a positive relationship between bank capital and return on assets, but a negative association with return on equity, which confirms the delicate interplay between risk management and financial performance in banking.

The study (Jodeh & Khalaf, 2023) aimed to clarify the impact of applying the International Financial Reporting Standard No. (9) on the financial performance of Jordanian commercial banks (JCB) in light of the Corona pandemic, and to achieve the goal of this research, the descriptive analytical approach was used, as the community consists of all commercial banks. While the research sample consisted of the following commercial banks (Housing Bank, Arab Bank, Jordanian Bank, Jordanian Kuwait Bank, Union Bank, Cairo Amman Bank) during the period from 2018 until the end of the third quarter of 2021, where their owners were, fairness was used to select the research. The simple SPSS program was used to analyze the research data.

The results were as follows: Among the most prominent results of the research is the level of importance ($\alpha \geq 0.05$) of the impact of (9) IFRS on the financial performance of JCB Bank in light of the Corona pandemic. The study also found that there is a statistically significant effect at the significance level ($\alpha \geq 0.05$) of applying International Financial Reporting Standard No. (9) on the financial performance of the Jordan Commercial Bank in light of the Corona pandemic. There is also a statistically significant effect at a significant level ($\alpha \geq 0.05$) of the provision for reduced credit facilities on the financial performance of the Jordan Commercial Bank in light of the Corona pandemic. There is also a statistically significant effect at a significant level ($\alpha \geq 0.05$) of debit current accounts on the financial performance of the Jordan Commercial Bank in light of the Corona pandemic.

And the study (AL Fatlawi, 2022) aimed to analyze the framework and scope of the International Financial Reporting Standard for Financial Instruments (IFRS 9) and identify the importance, procedures and obstacles to applying the standard in private commercial banks, as well as explaining the role played by corporate governance mechanisms in economic units, and the impact of applying the classification. And measurement (IFRS9) is the International Financial Reporting Standard in activating the application of corporate governance mechanisms in Iraqi economic units. The study reached a set of conclusions, the most important of which is that financial instruments are among the topics that occupied accounting thought because of the difficulty and complexity of measuring and disclosing them. This has become evident based on the efforts made by the American Accounting Standards Board (FASB), the International Accounting Standards Board (IASB) and the Advisory Group (FCAG). The IASB has worked on a lengthy project in formulating, developing and simplifying the International Accounting Standard (IAS39) and replacing it with the Financial Reporting Standard. (IFRS9), and in light of the answers from the sample members, it was found that there is a weakness in the numbers of those enrolled in courses in international accounting standards, as it reached (30%) of the employees, that is, a quarter of the sample members, especially since the sample members are accounting majors and work in banks. The results of the factor analysis for the second axis (the importance of a clear understanding of applying all corporate governance mechanisms in banks) showed that there was a weakness in understanding all corporate governance mechanisms among the sample members.

6. METHODOLOGY:

<u>6/1 Research Design:</u>

This study used a quantitative research method that includes a system of explanation through correlations with specific variables that can be condensed into numerical data and generalized to superior populations (Kumar, 2019). This study was also organized to achieve the research objectives and test the hypotheses. The researcher relied on conducting an applied study on a sample of 154 observations from Iraqi commercial banks during the period from 2012-2022. The researcher relied on the SPSS program to reach the research results.

<u>6/2 Data Collection:</u>

The main determinant in choosing the research sample is the year, and to experimentally verify the impact of applying Financial Reporting Standard No. 9 on the financial performance of banks and the adjusting role of governance, the study sample will consist of a group of Iraqi commercial banks, (15) banks, and their financial data for the period (2012- 2022).

6/3 Measures:

- The dependent variable measures the financial performance of banks:

The financial performance of banks is measured by relying on some financial indicators, namely the rate of return on assets (ROA) and the rate of return on equity (ROE).

- Measuring the independent variable, applying the International Financial Reporting Standard (IFRS9):

It is measured as a dummy variable that takes the value 1 if the bank applies the standard, and if it does not apply it takes the value 0.

6/4 Data analysis and results:

- The first hypothesis test:

In this part, the regression model is used to test the fisrt hypothesis: (there is a statistically significant effect to implement the international financial reporting standard No. (9) on the financial performance of Iraqi commercial banks).

$$ROA_{t.i} = \beta_0 + \beta_1\ IFRS9_{t.i} + \beta_2\ SIZE_{t.i} + \beta_3\ LEV_{t.i} + \beta_4\ LOSS_{t.i} + \beta_5\ Age_{t.i} + \beta_6\ MTB_{t.i} + \varepsilon_{t.i}\ .$$

Table No.(1):

Prob.	t-statistic	Coefficient	المتغير
0.274	1.10	0.2367	**C**
0.000	3.90	0.0344	$\boldsymbol{IFRS9_{t.i}}$
0.435	-0.78	-0.0065	$\boldsymbol{SIZE_{t.i}}$
0.470	-0.72	-0.0122	$\boldsymbol{LEV_{t.i}}$
0.673	0.42	0.0035	$\boldsymbol{LOSS_{t.i}}$
0.146	-1.46	-0.0145	$\boldsymbol{Age_{t.i}}$
0.478	0.71	0.0079	$\boldsymbol{MTB_{t.i}}$
4.62			**F-statistic**
0.000			**Prob (F-statistic)**
0.1243			**Adjusted R-squared**
0.03509			**Durbin-Watson stat**

It is clear from the table above that the test model is valid, as the value of the F-statistic is equal to (4.62) and the statistical significance of the Prob value is equal to (0.000), which is less than 5%, which indicates the significance of the test model as a whole. It is also clear from Table No. (1) that the statistical significance of the Prob value for the independent variable, which is International Financial Reporting Standard No. (9), is equal to (0.000), which means accepting the first main hypothesis, meaning that there is a statistically significant relationship between the application of the International Financial Reporting Standard and No. (9) on the financial performance of Iraqi commercial banks, as the value of the regression coefficient Coefficient was equal to (0.0344), meaning that the relationship between International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks is a significant positive relationship, and therefore the commitment to applying the financial reporting standard International No. (9) of banks will lead to improving the financial performance of Iraqi banks.

- Second: In the case of the dependent variable "rate of return on equity":

$$ROE_{t.i} = \beta_0 + \beta_1\ IFRS9_{t.i} + \beta_2\ SIZE_{t.i} + \beta_3\ LEV_{t.i} + \beta_4\ LOSS_{t.i} + \beta_5\ Age_{t.i} + \beta_6\ MTB_{t.i} + \varepsilon_{t.i}\ .$$

Table No. (2):

Prob.	t-statistic	Coefficient	المتغير
0.295	1.05	0.3620	**C**
0.002	3.13	0.0441	$\boldsymbol{IFRS9_{t.i}}$
0.237	-1.19	-0.0159	$\boldsymbol{SIZE_{t.i}}$
0.195	1.30	0.0352	$\boldsymbol{LEV_{t.i}}$
0.383	0.88	0.0118	$\boldsymbol{LOSS_{t.i}}$
0.171	1.37	0.0218	$\boldsymbol{Age_{t.i}}$
0.474	0.72	0.0128	$\boldsymbol{MTB_{t.i}}$
3.82			**F-statistic**
0.001			**Prob (F-statistic)**
0.0997			**Adjusted R-squared**

0.0560	**Durbin−Watson stat**

It is clear from the table above that the test model is valid, as the value of the F-statistic is equal to (3.82) and the statistical significance of the Prob value is equal to (0.001), which is less than 5%, which indicates the significance of the test model as a whole. It is also clear from Table No. (2) that the statistical significance of the Prob value for the independent variable, which is International Financial Reporting Standard No. (9), is equal to (0.002), which means accepting the first main hypothesis, meaning that there is a statistically significant relationship between the application of the International Financial Reporting Standard and No. (9) and the financial performance of Iraqi banks, as the value of the regression coefficient Coefficient was equal to (0.0441), meaning that the relationship between International Financial Reporting Standard No. (9) and the financial performance of Iraqi banks is a significant positive relationship, and therefore the commitment to applying International Financial Reporting Standard No. (9) It will lead to improving the financial performance of Iraqi banks.

- Testing the second hypothesis:

In this part, a regression model is used to test the second hypothesis, which states (the Board of Directors, as one of the corporate governance mechanisms, moderates the relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks).

1. <u>The first sub-hypothesis:</u>

Testing the second main hypothesis model: (The size of the board of directors as one of the corporate governance mechanisms modifies the relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks).

- **First: In the case of the dependent variable “rate of return on assets”:**

$ROA_{t.i} = \beta_0 + \beta_1\, IFRS9_{t.i} + \beta_2\, boardsize_{t.i} + \beta_3\, (IFRS9 * boardsize)_{t.i} + \beta_4$
$SIZE_{t.i} + \beta_5\, LEV_{t.i} + \beta_6\, LOSS_{t.i} + \beta_7\, Age_{t.i} + \beta_8\, MTB_{t.i} + \varepsilon_{t.i}$.

Table No. (3):

Prob.	t-statistic	Coefficient	المتغير
0.649	-0.46	-0.0935	**C**
0.008	2.70	0.1073	$\boldsymbol{IFRS9_{t.i}}$
0.000	4.84	0.0260	$\boldsymbol{boardSIZE_{t.i}}$
0.022	-2.32	-0.0145	$\boldsymbol{(IFRS9 * boardSIZE)_{t.i}}$
0.959	0.05	0.0004	$\boldsymbol{SIZE_{t.i}}$
0.284	-1.08	-0.0165	$\boldsymbol{LEV_{t.i}}$
0.643	0.46	0.0035	$\boldsymbol{LOSS_{t.i}}$
0.088	-1.72	-0.0154	$\boldsymbol{Age_{t.i}}$
0.501	-0.67	-0.0070	$\boldsymbol{MTB_{t.i}}$
8.50			**F-statistic**
0.000			**Prob (F-statistic)**
0.2817			**Adjusted R-squared**
0.03178			**Durbin-Watson stat**

It is clear from the table above that the test model is valid, as the value of the F-statistic is equal to (8.50) and the statistical significance of the Prob value is equal to (0.000), which is less than 5%, which indicates the significance of the test model as a whole. It is also clear from Table No. (3) that the statistical significance of the Prob value for the independent variable, which is International Financial Reporting Standard No. (9), is equal to (0.008), which means accepting the first sub-hypothesis, meaning that there is a statistically significant relationship between the size of the board of directors as one of the Corporate governance mechanisms modify the relationship between the application of the International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks, as the value of the regression coefficient Coefficient was equal to (0.1073), meaning that the relationship between the size of the board of directors as one of the corporate governance mechanisms modifies the relationship between the application of the financial reporting standard International No. (9) and the financial performance of Iraqi commercial banks has a significant positive relationship.

- **Second: In the case of the dependent variable "rate of return on equity":**

Testing the second main hypothesis model: (The size of the board of directors as one of the corporate governance mechanisms modifies the relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks).

$$ROE_{t.i} = \beta_0 + \beta_1\, IFRS9_{t.i} + \beta_2\, boardsize_{t.i} + \beta_3\, (IFRS9 * boardsize)_{t.i} + \beta_4\, SIZE_{t.i} + \beta_5\, LEV_{t.i} + \beta_6\, LOSS_{t.i} + \beta_7\, Age_{t.i} + \beta_8\, MTB_{t.i} + \varepsilon_{t.i}.$$

Table No. (4):

Prob.	t-statistic	Coefficient	المتغير
0.243	-1.17	-0.3492	**C**
0.000	3.88	0.2240	$\boldsymbol{IFRS9_{t.i}}$
0.000	7.27	0.0567	$\boldsymbol{boardSIZE_{t.i}}$
0.000	-3.81	-0.0348	$\boldsymbol{(IFRS9 * boardSIZE)_{t.i}}$
0.919	-0.10	-0.0011	$\boldsymbol{SIZE_{t.i}}$
0.238	1.18	0.0264	$\boldsymbol{LEV_{t.i}}$
0.266	1.12	0.0125	$\boldsymbol{LOSS_{t.i}}$
0.126	1.54	0.0201	$\boldsymbol{Age_{t.i}}$
0.221	-1.23	-0.0186	$\boldsymbol{MTB_{t.i}}$
13.15			**F-statistic**
0.000			**Prob (F-statistic)**
0.3885			**Adjusted R-squared**
0.04616			**Durbin-Watson stat**

It is clear from the table above that the test model is valid, as the value of the F-statistic is equal to (13.15) and the statistical significance of the Prob value is equal to (0.000), which is less than 5%, which indicates the significance of the test model as a whole. It is also clear from Table No. (4) that the statistical significance of the Prob value for the independent variable, which is International Financial Reporting Standard No. (9), is equal to (0.000), which means accepting the first sub-hypothesis, meaning that there is a statistically significant relationship between the size of the board of directors as one of the Corporate governance mechanisms modify the relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks, as the value of the regression coefficient was equal to (0.2240), meaning that the relationship between the size of the board of directors as one of the corporate governance mechanisms modifies the relationship between the application of the International Financial Reporting Standard. No. (9) The financial performance of Iraqi commercial banks has a significant positive relationship.

2. The second sub-hypothesis:

In this part, a regression model is used to test the second sub-hypothesis, which states (the independence of the Board of Directors as one of the corporate governance mechanisms moderates the relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks).

- **First: In the case of the dependent variable "rate of return on assets":**

$$ROA_{t.i} = \beta_0 + \beta_1\, IFRS9_{t.i} + \beta_2\, boardindpen_{t.i} + \beta_3\, (IFRS9 * boardindpen)_{t.i} + \beta_4\, SIZE_{t.i} + \beta_5\, LEV_{t.i} + \beta_6\, LOSS_{t.i} + \beta_7\, Age_{t.i} + \beta_8\, MTB_{t.i} + \varepsilon_{t.i}.$$

Table No. (5):

Prob.	t-statistic	Coefficient	المتغير
0.649	-0.46	-0.0935	**C**

0.008	2.70	0.1073	$\boldsymbol{IFRS9_{t.i}}$
0.000	4.84	0.8321	$\boldsymbol{boardindpen_{t.i}}$
0.022	-2.32	-0.4665	$\boldsymbol{(IFRS9 * boardindpen)_{t.i}}$
0.959	0.05	0.0004	$\boldsymbol{SIZE_{t.i}}$
0.284	-1.08	-0.0165	$\boldsymbol{LEV_{t.i}}$
0.643	0.46	0.0035	$\boldsymbol{LOSS_{t.i}}$
0.088	-1.72	-0.0154	$\boldsymbol{Age_{t.i}}$
0.501	-0.67	-0.0070	$\boldsymbol{MTB_{t.i}}$
8.50			**F-statistic**
0.000			**Prob (F-statistic)**
0.2817			**Adjusted R-squared**
0.03178			**Durbin-Watson stat**

It is clear from the table above that the test model is valid, as the value of the F-statistic is equal to (8.50) and the statistical significance of the Prob value is equal to (0.000), which is less than 5%, which indicates the significance of the test model as a whole. It is also clear from Table No. (5) that the statistical significance of the Prob value for the independent variable, which is International Financial Reporting Standard No. (9), is equal to (0.008), which means accepting the second sub-hypothesis, meaning that there is a statistically significant relationship between the independence of the Board of Directors as one of the mechanisms Corporate governance modifies the relationship between International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks, as the value of the regression coefficient was equal to (0.1073), meaning that the relationship between the independence of the board of directors as one of the corporate governance mechanisms modifies the relationship between International Financial Reporting Standard No. (9) The financial performance of Iraqi commercial banks has a positive and significant relationship, and therefore the commitment to applying International Financial Reporting Standard No. (9) will lead to further improving the financial performance of commercial banks in light of the independence of the Board of Directors.

- **Second: In the case of the dependent variable “rate of return on equity”:**

$ROE_{t.i} = \beta_0 + \beta_1\ IFRS9_{t.i} + \beta_2\ boardindpen_{t.i} + \beta_3\ (IFRS9 * boardindpen_{t.i})_{t.i} + \beta_4\ SIZE_{t.i} + \beta_5\ LEV_{t.i} + \beta_6\ LOSS_{t.i} + \beta_7\ Age_{t.i} + \beta_8\ MTB_{t.i} + \varepsilon_{t.i}.$

Table No. (6):

Prob.	t-statistic	Coefficient	المتغير
0.243	-1.17	-0.3492	**C**
0.000	3.88	0.2240	$\boldsymbol{IFRS9_{t.i}}$
0.000	7.27	1.8149	$\boldsymbol{boardindpen_{t.i}}$
0.000	-3.81	-1.1143	$\boldsymbol{(IFRS9 * boardindpen)_{t.i}}$
0.919	-0.10	-0.0011	$\boldsymbol{SIZE_{t.i}}$
0.238	1.18	0.0264	$\boldsymbol{LEV_{t.i}}$
0.266	1.12	0.0125	$\boldsymbol{LOSS_{t.i}}$
0.126	1.54	0.0201	$\boldsymbol{Age_{t.i}}$
0.221	-1.23	-0.0186	$\boldsymbol{MTB_{t.i}}$
13.15			**F-statistic**
0.000			**Prob (F-statistic)**
03885			**Adjusted R-squared**
0.04616			**Durbin-Watson stat**

It is clear from the table above that the test model is valid, as the value of the F-statistic is equal to (13.15) and the statistical significance of the Prob value is equal to (0.000), which is less than 5%, which indicates the significance of the test model as a whole. It is also clear from Table No. (6) that the statistical significance of the Prob value for the independent variable, which is International Financial Reporting Standard No. (9), is equal to (0.000), which means accepting the second sub-hypothesis, meaning that there is a statistically significant relationship between the independence of the Board of Directors as one of the mechanisms Corporate governance modifies the relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks, as the value of the regression coefficient was equal to (0.2240), meaning that the relationship between the independence of the Board of Directors as one of the mechanisms of corporate governance modifies the relationship between the application of the International Financial Reporting Standard No. (9)

The financial performance of Iraqi commercial banks has a positive and significant relationship.

3. The third sub-hypothesis:

In this part, a regression model is used to test the third hypothesis, which states (the percentage of women's representation on the board of directors, as one of the corporate governance mechanisms, moderates the relationship between International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks).

- **First: In the case of the dependent variable "rate of return on assets":**

$$ROA_{t.i} = \beta_0 + \beta_1\, IFRS9_{t.i} + \beta_2\, Womenaudcom_{t.i} + \beta_3\, (IFRS9 * Womenaudcom)_{t.i} + \beta_4\, SIZE_{t.i} + \beta_5\, LEV_{t.i} + \beta_6\, LOSS_{t.i} + \beta_7\, Age_{t.i} + \beta_8\, MTB_{t.i} + \varepsilon_{t.i}.$$

Table No. (7):

Prob.	t-statistic	Coefficient	المتغير
0.327	0.98	0.2120	**C**
0.106	2.76	0.0314	$\boldsymbol{IFRS9_{t.i}}$
0.172	1.37	0.1356	$\boldsymbol{Womenaudcom_{t.i}}$
0.823	-0.22	-0.0269	$\boldsymbol{(IFRS9 * Womenaudcom_{t.i})_{t.i}}$
0.465	-0.73	-0.0061	$\boldsymbol{SIZE_{t.i}}$
0.473	-0.72	-0.0121	$\boldsymbol{LEV_{t.i}}$
0.733	0.34	0.0028	$\boldsymbol{LOSS_{t.i}}$
0.246	-1.16	-0.0116	$\boldsymbol{Age_{t.i}}$
0.687	0.40	0.0045	$\boldsymbol{MTB_{t.i}}$
4.05			**F-statistic**
0.0002			**Prob (F-statistic)**
0.1374			**Adjusted R-squared**
0.03482			**Durbin-Watson stat**

It is clear from the table above that the test model is valid, as the value of the F-statistic is equal to (4.05) and the statistical significance of the Prob value is equal to (0.0002), which is less than 5%, which indicates the significance of the test model as a whole. It is also clear from Table No. (7) that the statistical significance of the Prob value for the independent variable, which is International Financial Reporting Standard No. (9), is equal to (0.106), which means rejecting the third sub-hypothesis, meaning that there is no statistically significant relationship between the percentage of women's representation on the Board of Directors As one of the mechanisms of corporate governance, it modifies the relationship between International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks, as the value of the regression coefficient was equal to (0.0314), meaning that the relationship between the percentage of women's representation on the board of directors, as one of the mechanisms of corporate governance, modifies the relationship between the reporting standard. International Finance No. (9) and the financial performance of Iraqi commercial banks has a non-significant positive relationship.

- **Second: In the case of the dependent variable "rate of return on equity":**

$$ROE_{t.i} = \beta_0 + \beta_1 \, IFRS9_{t.i} + \beta_2 \, Womenaudcom_{t.i} + \beta_3 \, (IFRS9 * Womenaudcom)_{t.i} + \beta_4 \, SIZE_{t.i} + \beta_5 \, LEV_{t.i} + \beta_6 \, LOSS_{t.i} + \beta_7 \, Age_{t.i} + \beta_8 \, MTB_{t.i} + \varepsilon_{t.i}.$$

Table No. (8):

Prob.	t-statistic	Coefficient	المتغير
0.322	0.99	0.3445	**C**
0.147	2.01	0.0367	$\boldsymbol{IFRS9_{t.i}}$
0.422	0.81	0.1277	$\boldsymbol{Womenaudcom_{t.i}}$
0.876	0.16	0.0300	$\boldsymbol{(IFRS9 * Womenaudcom_{t.i})_{t.i}}$
0.241	-1.18	-0.0158	$\boldsymbol{SIZE_{t.i}}$
0.185	1.33	0.0361	$\boldsymbol{LEV_{t.i}}$
0.405	0.84	0.0113	$\boldsymbol{LOSS_{t.i}}$

0.112	1.60	0.0256	$\boldsymbol{Age_{t.i}}$
0.608	0.51	0.0093	$\boldsymbol{MTB_{t.i}}$
3.20			**F-statistic**
0.0022			**Prob (F-statistic)**
0.1033			**Adjusted R-squared**
0.0559			**Durbin-Watson stat**

It is clear from the table above that the test model is valid, as the value of the F-statistic is equal to (3.20) and the statistical significance of the Prob value is equal to (0.0022), which is less than 5%, which indicates the significance of the test model as a whole. It is also clear from Table No. (8) that the statistical significance of the Prob value for the independent variable, which is International Financial Reporting Standard No. (9), is equal to (0.147), which means rejecting the third sub-hypothesis, meaning that there is no statistically significant relationship between the percentage of women's representation on the Board of Directors As one of the mechanisms of corporate governance, it modifies the relationship between International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks, as the value of the regression coefficient was equal to (0.0367), meaning that the relationship between the percentage of women's representation on the board of directors, as one of the mechanisms of corporate governance, modifies the relationship between the reporting standard. International Finance No. (9) and the financial performance of Iraqi commercial banks has a non-significant positive relationship.

- Testing the third hypothesis:

In this part, a regression model is used to test the third hypothesis, which states (The Internal Audit Board, as one of the corporate governance mechanisms, moderates the relationship between the application of International Financial Reporting Standard No. (9) and the corporate financial performance of Iraqi commercial banks).

1. <u>The first sub-hypothesis:</u>

The first sub-hypothesis: (The size of the internal audit board as one of the corporate governance mechanisms moderates the relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks).

- **First: In the case of the dependent variable “rate of return on assets”:**

$$ROA_{t.i} = \beta_0 + \beta_1\, IFRS9_{t.i} + \beta_2\, audcomsize_{t.i} + \beta_3\, (IFRS9 * audcomsize)_{t.i} + \beta_4\, SIZE_{t.i} + \beta_5\, LEV_{t.i} + \beta_6\, LOSS_{t.i} + \beta_7\, Age_{t.i} + \beta_8\, MTB_{t.i} + \varepsilon_{t.i}.$$

Table No. (9):

Prob.	**t-statistic**	**Coefficient**	**المتغير**
0.709	-0.37	-0.0762	**C**
0.007	2.74	0.0976	$\boldsymbol{IFRS9_{t.i}}$
0.000	4.84	0.0086	$\boldsymbol{audcomSize_{t.i}}$
0.022	-2.32	-0.0048	$\boldsymbol{(IFRS9 * audcomSize_{t.i})_{t.i}}$
0.959	0.05	0.0004	$\boldsymbol{SIZE_{t.i}}$
0.284	-1.08	-0.0165	$\boldsymbol{LEV_{t.i}}$
0.643	0.46	0.0035	$\boldsymbol{LOSS_{t.i}}$
0.088	-1.72	-0.0154	$\boldsymbol{Age_{t.i}}$
0.501	-0.67	-0.0070	$\boldsymbol{MTB_{t.i}}$
8.50			**F-statistic**
0.000			**Prob (F-statistic)**
0.2817			**Adjusted R-squared**
0.03178			**Durbin-Watson stat**

It is clear from the table above that the test model is valid, as the value of the F-statistic is equal to (8.50) and the statistical significance of the Prob value is equal to (0.000), which is less than 5%, which indicates the significance of the test model as a whole. It is also clear from Table No. (9) that the statistical significance of the Prob value for the independent variable, which is International Financial Reporting Standard No. (9), is equal to (0.007), which means accepting the first sub-hypothesis, meaning that there is a statistically significant relationship between the size of the internal audit board as one of Corporate governance mechanisms modify the relationship between the application of the International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks, as the value of the regression coefficient was equal to (0.0976), meaning that the relationship between the size of the internal audit board as one of the corporate governance mechanisms modifies the relationship between the application of the reporting standard International Finance No. (9) and the financial performance of Iraqi commercial banks has a positive and significant relationship.

- **Second: In the case of the dependent variable "rate of return on equity":**

$$ROE_{t.i} = \beta_0 + \beta_1\ IFRS9_{t.i} + \beta_2\ audcomsize_{t.i} + \beta_3\ (IFRS9 * audcomsize)_{t.i} + \beta_4\ SIZE_{t.i} + \beta_5\ LEV_{t.i} + \beta_6\ LOSS_{t.i} + \beta_7\ Age_{t.i} + \beta_8\ MTB_{t.i} + \varepsilon_{t.i}.$$

Table No. (10):

Prob.	t-statistic	Coefficient	المتغير
0.295	-1.05	-0.3114	**C**
0.000	3.88	0.2008	$\boldsymbol{IFRS9_{t.i}}$
0.000	7.27	0.0189	$\boldsymbol{boardSIZE_{t.i}}$
0.000	-3.81	-0.0116	$\boldsymbol{(IFRS9 * boardSIZE)_{t.i}}$
0.919	-0.10	-0.0011	$\boldsymbol{SIZE_{t.i}}$
0.238	1.18	0.0264	$\boldsymbol{LEV_{t.i}}$
0.266	1.12	0.0125	$\boldsymbol{LOSS_{t.i}}$
0.126	1.54	0.0201	$\boldsymbol{Age_{t.i}}$
0.221	-1.23	-0.0186	$\boldsymbol{MTB_{t.i}}$
13.15			**F-statistic**
0.000			**Prob (F-statistic)**
0.3885			**Adjusted R-squared**
0.04616			**Durbin-Watson stat**

It is clear from the table above that the test model is valid, as the value of the F-statistic is equal to (13.15) and the statistical significance of the Prob value is equal to (0.000), which is less than 5%, which indicates the significance of the test model as a whole. It is also clear from Table No. (10) that the statistical significance of the Prob value for the independent variable, which is International Financial Reporting Standard No. (9), is equal to (0.000), which means accepting the first sub-hypothesis, meaning that there is a statistically significant relationship between the size of the internal audit board as one of Corporate governance mechanisms modify the relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks, as the value of the regression coefficient was equal to (0.2008), meaning that the relationship between the size of the internal audit board as one of the corporate governance mechanisms modifies the relationship between the application of the reporting standard International Finance No. (9) and the financial performance of Iraqi commercial banks has a positive and significant relationship.

2. The second sub-hypothesis:

In this part, a regression model is used to test the second hypothesis, which states (the independence of the Internal Audit Board as one of the corporate governance mechanisms moderates the relationship between International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks).

- **First: In the case of the dependent variable "rate of return on assets":**

$$ROA_{t.i} = \beta_0 + \beta_1\, IFRS9_{t.i} + \beta_2\, audcomindpen_{t.i} + \beta_3\, (IFRS9 * audcomindpen)_{t.i} + \beta_4\, SIZE_{t.i} + \beta_5\, LEV_{t.i} + \beta_6\, LOSS_{t.i} + \beta_7\, Age_{t.i} + \beta_8\, MTB_{t.i} + \varepsilon_{t.i}.$$

Table No. (11):

Prob.	t-statistic	Coefficient	المتغير
0.346	0.95	0.2029	**C**
0.000	4.41	0.0440	$\boldsymbol{IFRS9_{t.i}}$
0.947	0.07	0.0024	$\boldsymbol{audcomindpen_{t.i}}$
0.605	-0.52	-0.0188	$\boldsymbol{(IFRS9 * audcomindpen)_{t.i}}$
0.506	-0.67	-0.0055	$\boldsymbol{SIZE_{t.i}}$
0.483	-0.70	-0.0118	$\boldsymbol{LEV_{t.i}}$
0.604	0.52	0.0043	$\boldsymbol{LOSS_{t.i}}$
0.251	-1.15	-0.0115	$\boldsymbol{Age_{t.i}}$
0.596	0.53	0.0059	$\boldsymbol{MTB_{t.i}}$
4.07			**F-statistic**
0.0002			**Prob (F-statistic)**
0.1384			**Adjusted R-squared**
0.0348			**Durbin-Watson stat**

It is clear from the table above that the test model is valid, as the value of the F-statistic is equal to (4.07) and the statistical significance of the Prob value is equal to (0.0002), which is less than 5%, which indicates the significance of the test model as a whole. It is also clear from Table No. (11) that the statistical significance of the Prob value for the independent variable, which is International Financial Reporting Standard No. (9), is equal to (0.000), which means accepting the second sub-hypothesis, meaning that there is a statistically significant relationship between the independence of the Internal Audit Board and As one of the corporate governance mechanisms, it modifies the relationship between International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks, as the value of the regression coefficient Coefficient was equal to (0.0440), meaning that the relationship between the independence of the Internal Audit Board, as one of the corporate governance mechanisms, modifies the relationship between the financial reporting standard and International No. (9) and the financial performance of Iraqi commercial banks has a positive and significant relationship.

- **Second: In the case of the dependent variable "rate of return on equity":**

$$ROE_{t.i} = \beta_0 + \beta_1\, IFRS9_{t.i} + \beta_2\, audcomindpen_{t.i} + \beta_3\, (IFRS9 * audcomindpen)_{t.i} + \beta_4\, SIZE_{t.i} + \beta_5\, LEV_{t.i} + \beta_6\, LOSS_{t.i} + \beta_7\, Age_{t.i} + \beta_8\, MTB_{t.i} + \varepsilon_{t.i}.$$

Table No. (12):

Prob.	**t-statistic**	**Coefficient**	**المتغير**
0.263	1.12	0.3889	**C**
0.016	2.44	0.0392	$\boldsymbol{IFRS9_{t.i}}$
0.574	0.56	0.3259	$\boldsymbol{boardindpen_{t.i}}$
0.717	-0.36	-0.0213	$\boldsymbol{(IFRS9 * boardindpen)_{t.i}}$
0.217	-1.24	-0.0167	$\boldsymbol{SIZE_{t.i}}$
0.189	1.32	0.0358	$\boldsymbol{LEV_{t.i}}$
0.393	0.86	0.0116	$\boldsymbol{LOSS_{t.i}}$
0.249	1.16	0.0187	$\boldsymbol{Age_{t.i}}$
0.397	0.85	0.0154	$\boldsymbol{MTB_{t.i}}$
2.98			**F-statistic**
0.004			**Prob (F-statistic)**
0.0940			**Adjusted R-squared**

0.05619	**Durbin-Watson stat**

It is clear from the table above that the test model is valid, as the value of the F-statistic is equal to (2.98) and the statistical significance of the Prob value is equal to (0.004), which is less than 5%, which indicates the significance of the test model as a whole. It is also clear from Table No. (12) that the statistical significance of the Prob value for the independent variable, which is International Financial Reporting Standard No. (9), is equal to (0.016), which means accepting the second sub-hypothesis, meaning that there is a statistically significant relationship between the independence of the Internal Audit Board as one of Corporate governance mechanisms modify the relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks), as the value of the regression coefficient was equal to (0.0392), meaning that the relationship between the independence of the Internal Audit Board as one of the corporate governance mechanisms modifies the relationship between the application International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks has a positive and significant relationship.

3. <u>The third sub-hypothesis:</u>

In this part, a regression model is used to test the third hypothesis, which states (the percentage of women's representation on the Internal Audit Board as one of the corporate governance mechanisms moderates the relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks).

- **First: In the case of the dependent variable “rate of return on assets”:**

$$ROA_{t.i} = \beta_0 + \beta_1\, IFRS9_{t.i} + \beta_2\, Womenaudcom_{t.i} + \beta_3\, (IFRS9 * Womenaudcom)_{t.i} + \beta_4\, SIZE_{t.i} + \beta_5\, LEV_{t.i} + \beta_6\, LOSS_{t.i} + \beta_7\, Age_{t.i} + \beta_8\, MTB_{t.i} + \varepsilon_{t.i}.$$

Table No. (13):

Prob.	t-statistic	Coefficient	المتغير
0.470	-0.72	-0.1512	**C**
0.010	2.61	0.1396	$\boldsymbol{IFRS9_{t.i}}$
0.000	4.84	0.8239	$\boldsymbol{Womenaudcom_{t.i}}$
0.022	-2.32	-0.4619	$\boldsymbol{(IFRS9 * Womenaudcom_{t.i})_{t.i}}$
0.959	0.05	0.0004	$\boldsymbol{SIZE_{t.i}}$
0.284	-1.08	-0.0165	$\boldsymbol{LEV_{t.i}}$
0.643	0.46	0.0035	$\boldsymbol{LOSS_{t.i}}$
0.088	-1.72	-0.0154	$\boldsymbol{Age_{t.i}}$
0.501	-0.67	-0.0070	$\boldsymbol{MTB_{t.i}}$
8.50			**F-statistic**
0.000			**Prob (F-statistic)**
0.2817			**Adjusted R-squared**
0.03178			**Durbin-Watson stat**

It is clear from the table above that the test model is valid, as the value of the F-statistic is equal to (8.50) and the statistical significance of the Prob value is equal to (0.000), which is less than 5%, which indicates the significance of the test model as a whole. It is also clear from Table No. (13) that the statistical significance of the Prob value for the independent variable, which is International Financial Reporting Standard No. (9), is equal to (0.010), which means accepting the third sub-hypothesis, meaning that there is a statistically significant relationship between the percentage of women’s representation on the audit board Internal auditing as one of the corporate governance mechanisms modifies the relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks, as the value of the regression coefficient was equal to (0.1396), meaning that the relationship between the percentage of women’s representation on the internal audit board as one of the corporate governance mechanisms modifies the relationship There is a significant positive relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks.

- **Second: In the case of the dependent variable “rate of return on equity”:**

$$ROE_{t.i} = \beta_0 + \beta_1\, IFRS9_{t.i} + \beta_2\, Womenaudcom_{t.i} + \beta_3\, (IFRS9 * Womenaudcom)_{t.i} + \beta_4\, SIZE_{t.i} + \beta_5\, LEV_{t.i} + \beta_6\, LOSS_{t.i} + \beta_7\, Age_{t.i} + \beta_8\, MTB_{t.i} + \varepsilon_{t.i}.$$

Table No. (14):

Prob.	t-statistic	Coefficient	المتغير
0.120	-1.57	-0.4750	**C**
0.000	3.88	0.3012	$\boldsymbol{IFRS9_{t.i}}$
0.000	7.27	1.7970	$\boldsymbol{Womenaudcom_{t.i}}$
0.000	-3.81	-1.1033	$\boldsymbol{(IFRS9 * Womenaudcom_{t.i})_{t.i}}$
0.919	-0.10	-0.0011	$\boldsymbol{SIZE_{t.i}}$
0.238	1.18	0.0264	$\boldsymbol{LEV_{t.i}}$
0.266	1.12	0.0125	$\boldsymbol{LOSS_{t.i}}$
0.126	1.54	0.0201	$\boldsymbol{Age_{t.i}}$
0.221	-1.23	-0.0186	$\boldsymbol{MTB_{t.i}}$
13.15			**F-statistic**
0.000			**Prob (F-statistic)**
0.3885			**Adjusted R-squared**
0.04616			**Durbin-Watson stat**

It is clear from the table above that the test model is valid, as the value of the F-statistic is equal to (13.15) and the statistical significance of the Prob value is equal to (0.000), which is less than 5%, which indicates the significance of the test model as a whole. It is also clear from Table No. (14) that the statistical significance of the Prob value for the independent variable, which is International Financial Reporting Standard No. (9), is equal to (0.000), which means accepting the third sub-hypothesis, meaning that there is a statistically significant relationship between the percentage of women’s representation on the audit board The internal auditing standard as one of the corporate governance mechanisms modifies the relationship between the application of the International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks, as the value of the regression coefficient was equal to (0.3012), meaning that the relationship between the percentage of women’s representation on the internal audit board as one of the corporate governance mechanisms modifies the relationship There is a significant positive relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks.

7. CONCLUSION:

This paper aims to investigate the impact of applying International Financial Reporting Standard No. 9 (IFRS.9) on financial performance in Iraqi commercial banks. The choice was made on a sample consisting of (17) of Iraqi banks, and their financial statements for the period (2012-2022) were used. The results of testing the hypotheses showed that there is a statistically significant relationship between the independence of the board of directors as one of the corporate governance mechanisms, which modifies the relationship between International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks. As for the modified variable, the percentage of women's representation on the board of directors, the results of the test The hypotheses are that there is no statistically significant relationship between the percentage of women's representation on the board of directors as one of the corporate governance mechanisms that modifies the relationship between International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks.

The results of the research also showed that there is a statistically significant relationship between the size of the internal audit board as one of the corporate governance mechanisms that modifies the relationship between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks. It also showed that there is a statistically significant relationship the independence of the Internal Audit Board as one of the mechanisms of corporate governance modifies the relationship between International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial banks. Finally, there is a statistically significant relationship between the percentage of women's representation on the Internal Audit Board as one of the mechanisms of corporate governance modifies the relationship. Between the application of International Financial Reporting Standard No. (9) and the financial performance of Iraqi commercial bank.

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