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The impact of determinants of compliance with international financial reporting standards (IFRS) on the appropriateness of the value of accounting information. An analytical study of a sample of commercial banks listed on the Iraqi stock exchange

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Abstract
This study seeks to examine the extent to which a selected group of Iraqi banks adhere to the International Financial Reporting Standards (IFRS), which encompass the International Accounting Standards (IAS), as per the guidelines set by the Central Bank. Additionally, it aims to identify the key factors that influence the level of compliance. The investigation also sought to assess the appropriateness of the usefulness of accounting information. The study sample will assess the application of international financial reporting standards and evaluate the appropriateness of the value for compliance rates of Iraqi banks. The research sample comprised data collection from ten banks listed on the Iraqi Stock Exchange during a one-year period, (2012 to 2019). The IFRS Foundation's compliance examination index was used to assess and establish the level of conformity of the banks in the study sample with the standards throughout the specified application period. Three factors were selected to measure the magnitude of their influence on the rates of adherence to the IFRS standards. The determinants include bank size, profitability, and audit quality. This research utilized three financial models to conduct a thorough analysis and generate significant practical outcomes. The objective was to assess the appropriateness of the value both before and after the implementation of international financial reporting standards. Additionally, the research aimed to evaluate the compatibility of the value with the standards' compliance requirements. These objectives have been successfully achieved. By conducting tests on the research hypotheses, the majority of them were confirmed, leading to a set of conclusions. The most significant conclusion is that there is a noticeable discrepancy in the adherence to international financial reporting standards between the Iraqi banks in the research sample and the same banks during the examination period.

Keywords: Determinants of compliance, financial reporting, relevance of the value of accounting information

Introduction

The bodies responsible for regulating accounting in the world seek to keep pace with the rapid developments in it, by providing the information that users require, which they need to make efficient decisions that bring them the desired benefits, and avoid the risks that they may be exposed to if they make their decisions based on misleading, insufficient, or misleading information. Low accuracy, and hence we find that the International Accounting Standards Board (IASB) has taken it upon itself to review the standards and issue the necessary amendments and clarifications, To remove the ambiguity that may be contained in some paragraphs in the International Financial Reporting Standards (IFRS) issued by it. To shed light on the latest developments in the accounting literature represented by the development in international financial reporting standards. Financial reports are among the important sources for making investment decisions, as investors can through them Reports evaluate the financial position of the company, the results of its work, analyze its profits and levels of growth achieved or faltering, clarify its future, evaluate and compare the available alternatives, preferring certain stocks over others, and evaluate the efficiency of management. The accounting reports issued by public joint-stock companies are among the most important sources that provide users with, Economic decisions, especially investors, with information that enables them to evaluate the future trends of companies, such as the company's ability to achieve profits, and the efficiency of company management. The research gains its importance by demonstrating the impact that developments in international financial reporting standards can have on the accounting information included in companies' financial reporting reports. And its reflection on the efficiency of investment decisions, as well as the importance of applying these standards and keeping pace with developments in them in the Iraqi environment, especially after the Central Bank of Iraq issued its directives to banks on the necessity of preparing their reports in accordance with these standards, as their application makes Iraq keep pace with the developed countries of the world and helps open up, The Iraqi economy is influenced by the global economy and thus attracts foreign capital and investments. The availability of information characterized by suitability, timeliness, reliability, and comparison is one of the most important basic pillars of market efficiency and success, in addition to legislation and laws that facilitate and protect traders in the market. Accounting information loses its importance if it is not studied, analyzed, and processed to increase its value and importance to investment decision makers. The primary goal of reports is Finance issued by companies is to help investors make their investment decisions.

The first section: research methodology
First: the research problem.
The preliminary evaluation of the financial reports from the banks in the research sample indicates a lack of adherence to international accounting standards and international financial reporting standards. The compliance rates among the banks in the sample vary significantly, which could potentially affect the significance of the accounting information's value. The research challenge can be articulated using the following inquiries:

1. What is the level of adherence of the banks in the study sample listed on the Iraqi Stock Exchange to international accounting standards and international financial reporting standards, as per the directions of the Central Bank of Iraq?
2. 2.What are the most important factors affecting the levels of compliance of the banks in the research sample with these standards?
3. 3.How appropriate is the value of accounting information in accordance with international accounting standards and international financial reporting standards for the banks in the research sample?
4. How does the variation in the banks' adherence to standards in the research sample impact the significance of accounting information?

Second: The importance of research
The importance of this research stems from the importance of international accounting and financial reporting standards (IFRS/IAS), the growing interest in them, and the major role they may play in the field of accounting and economic reform, whether at the corporate level or at the financial market level and the general economy in the country. The idea of this research was embodied to shed light on the Iraqi environment, What are the latest developments in the use of international accounting and financial reporting standards (IFRS/IAS), and to identify the most important challenges and factors that may affect the application of the standards experience in the banking sector in Iraq. The importance of this research can be stated in the following points**.**

1. The objective is to furnish regulatory and supervisory bodies, investors, and researchers with accurate and practical data regarding the adherence of Iraqi banks to international accounting and financial reporting standards. This information aids in assessing the efficiency and preparedness of Iraqi banks to implement these standards.
2. Assisting bank management in assessing their level of adherence to the requirements, which are mandatory to apply, in order to reach the best application and achieve the highest compliance rate.
3. Helping to provide important information to stakeholders about the most important determinants that affect banks' levels of compliance with standards, which contributes to deepening understanding of the importance of accounting information and the factors behind the decline in its quality.
4. Helping regulatory and supervisory authorities to identify the position of the banks sampled in the study in their application of standards and their efficiency in doing so in order to make the necessary decisions.
5. Contributing to deepening understanding and studying the nature of the relationship between application and compliance with international accounting and financial reporting standards and the suitability of the value of its accounting information and its implications for its stock prices in the financial market through the extent of its impact on investors and their decisions.

Third: Research objectives
This research seeks to achieve four basic objectives

1. Analyze the actual performance of a selected group of banks listed on the Iraqi Stock Exchange by implementing global accounting standards and international financial reporting standards. Assess the degree to which these banks adhere to the stipulations of these standards.
2. Analysis of the key factors influencing the variability in adherence to international accounting standards and international financial reporting standards across a selected group of banks in the research sample.
3. Evaluating the appropriateness of accounting information value for the banks in the study sample over the period before to and following the implementation of international accounting standards and international financial reporting standards.
4. Examine the impact of changes in adherence to international accounting standards and international financial reporting standards on the significance of accounting information's value.

Fourth: Hypotheses
The rates of compliance of a sample of Iraqi banks with international accounting standards and international financial reporting standards vary in the research.
The first hypothesis posits that there exists a substantial causal link between the attributes of the banks in the study

sample and their adherence to international accounting standards and international financial reporting standards.

The following sub-hypotheses branch out from this hypothesi

The first hypothesis posits that there exists a substantial correlation between the size of the banks in the study sample and their adherence to international accounting standards and international financial reporting standards.

The second hypothesis posits that there exists a substantial causal association between the profitability of the banks in the study sample and their adherence to international accounting standards and international financial reporting standards.

The third hypothesis posits that there exists a substantial correlation between the audit quality of the banks included in the study sample and their adherence to international accounting standards and international financial reporting standards.

The second section: The theoretical framework of the research.

1. The concept of financial compliance.

The definitions of financial compliance varied and varied depending on the viewpoints of researchers and on different topics adopted by government institutions, most notably the Organization for Economic Co-operation and Development (OECD), which defined financial compliance as the procedures and processes according to which the institution is managed and monitored. The governance structure of institutions determines the distribution of rights and responsibilities among its various participants, such as the board of directors and Members of the Board of Directors, shareholders and other interested parties and sets the rules for decision-making procedures. It is defined as a set of rules and principles that aim to achieve quality and distinction in performance, control and accountability by choosing appropriate and effective methods to achieve the organization's plans and objectives. The term financial compliance is commonly used to describe the link between accounting amounts and stock market values. It can be considered the ability of summary accounting measures to reflect the underlying economic value of a company (Al-Shammari, 2003) [1].

2. The importance of financial compliance.

First: The compliance of banking institutions has gained great importance for emerging democracies due to the weakness of the legal system, which makes it impossible to implement contracts and resolve disputes in an effective manner, and that the weak quality of information leads to the prevention of supervision and control and works to spread corruption and lack of trust.

Secondly: Following the sound principles of institutions' compliance with international financial reporting standards leads to creating the necessary precautions against corruption and mismanagement while encouraging transparency in economic life and combating institutions' resistance to reform. Its importance in institutions appears as follows:-

Third: Fighting internal corruption in institutions and not allowing it to exist or continue, but rather eliminating it and not allowing it to return again.

Fourth: Ensuring the adherence to moral principles and honesty for all personnel in institutions, ranging from the board of directors and executive directors to the most junior employee.

Fifth: Fighting deviations and not allowing them to continue, especially those whose presence poses a threat to interests. (Wanas, 2013) [2].

Financial compliance objectives.

1. The main goal lies in making improvements to organizational performance and accountability, and this is achieved through the following sub-goals:- (International Accounting Standards Instructions, 2022, 28).
2. Ensuring the presence of an independent professional administration that issues proper guidance and supervises the work of the institution.
3. Introducing audit, control and risk management systems to ensure the prevention, detection and analysis of undesirable results.
4. Supporting information management and disclosure practices with the aim of improving transparency in order to achieve higher productivity, efficiency and better communication practices.
5. Protecting the rights of owners, shareholders and other concerned parties to ensure the sustainability and prosperity of the institution.
6. Promoting the principles of responsibility, sustainability, and participation for the benefit of concerned parties from inside and outside the country.

Dimensions of financial compliance

First: the size of the company.

One of the determinants of value suitability is the size of the company. The suitability of the value of accounting information is affected by the size of the company, as the size of the company increases, the suitability becomes greater, despite the presence of some studies that attribute the discrepancy to be inverse (Lawai, 2016: 52), as larger companies provide accounting numbers. Greater fit than smaller companies. The accounting figures of larger companies are viewed as more useful in valuing equity than those of smaller companies because larger companies, They receive more media coverage and other forms of public attention (e.g., financial analysts) and therefore their stock prices tend to include more public information than small companies (Chakrabarty *et al.*, 2019:18) [8].

Second: Profitability.

While one of the determinants of compliance with international financial reporting standards is profitability, companies with higher profitability have a higher degree of compliance, and through it we conclude that profitability is a factor influencing the degree of compliance, which will affect the suitability of the value, and the nature of the relationship is direct. The objective of the institution is to assess its performance at either the overall unit level or the sub-unit level. Profitability is quantified by the ratio of profit to sales, or by the ratio of profit to investment contribution.The correlation between the profits attained by the establishment and the investments that led to the attainment of those earnings (dahham,2023) [27].

Third: Audit quality.

The audit report serves as the primary means of communication between the auditor and the consumers of the financial statements. It has the potential to greatly impact the price of a company's shares. The findings demonstrate a positive and substantial correlation between the auditor's report and the size of the audit business with two indicators of the appropriateness of accounting information value, namely the appropriateness of profit value and the book value of shares. (Arora, Singh & Gerayli, 2021) [11]. The impact of auditing and the role of the auditor in ensuring compliance. Our analysis reveals that organizations undergoing audits by prominent or multinational auditing firms have a greater level of adherence to regulations. Hence, the researcher posits that there may exist a correlation between the rate of compliance or the extent to which a corporation adheres to auditing practices, and the significance of the information's worth. This link is expected to strengthen with more auditing efforts. The higher the level of compliance inside the organization, the stronger the alignment with its value proposition. (Bodie, 2014: 142) [12].

Financial reporting

First: The concept of quality financial reporting

It is concerned with meeting the needs of users for financial reporting information, which requires an accurate description of the economic reality, recording economic events at an appropriate time, and appropriate application of reservation. Therefore, the quality of financial reporting does not mean disclosing financial information only, but also includes all disclosures, including the non-financial information that is included in the financial reports and that is useful in the process. Decision making (Abu Nassar, 2019) [5], means the accuracy involved in the financial reporting process. Information about the operations of the economic unit, especially its cash flows, in order to be viewed by investors in a fair manner, or the preparation of financial and non-financial information in a complete and transparent manner, which is designed in a way that does not distort or mislead users (Bannier, 2013: 59) [13].

Second: Objectives of quality financial reporting

Many efforts have been made to define the objectives of financial statements and financial reporting, the most prominent of which was the efforts undertaken by the FASB, which was represented by the Statement of Financial Accounting Concepts No. 1, issued in 1978, which specified the objectives of financial reporting.

1. Providing useful information to creditors, current and prospective investors, and other users in making their rational investment and credit decisions and other decisions, as the information should be understandable and comprehended by those who have a reasonable understanding of commercial economic activities.
2. Providing useful information to both current and prospective creditors and investors and users of expected cash from distributions or interest, from selling investments and recovering loans, and cash flows to investors are affected by the company’s ability to provide sufficient cash to meet its obligations when due, as well as its operational and other needs, so it must prepare information that helps everyone Investors, creditors and others assess the timing and degree of uncertainty surrounding the expected net cash flows of the economic unit.
3. Providing information about economic resources, rights, or required resources, and the effects of transactions, events, and circumstances that lead to a change in resources and the rights resulting from them**.**
4. Providing information about the financial performance of the economic unit during a specific period, and investors often use information about the past to contribute to estimating the future capabilities of the economic unit, which means that although investment and credit decisions reflect the expectations of investors and creditors about the future, these expectations are usually based on Even partly due to the past performance of the economic unit, this means that the primary focus of financial reporting is on information about the unit’s performance that is presented through measures of profits and profit components.
5. Information is prepared on how to obtain cash and how to spend it, on the loans that are obtained and on the repayment of loans, on its capital transactions, including the profit dividend, and on the factors that affect the liquidity and financial ease of the unit.

Third: Characteristics of international financial reporting standards

International Financial Reporting Standards are the framework for various legal systems and their characteristics are based on the following:

1. The International Financial Reporting Standards Board bases its statute on clear and stated basic principles. In contrast, the American standards are seen as operating according to basic rules, which gives the impression or indication that international financial reporting standards establish solutions to accounting problems and issues according to general directives and principles specified within the conceptual framework and not according to Special, detailed rules must be followed according to each case, which results in a complex set of directives, the aim of which is to set rules and standards for all possibilities. While international financial reporting standards begin their work with the objectives of the financial report, then guidance is provided about a specific objective that is related to a specific situation.
2. The International Financial Reporting Standards Board's use of comparability of financial statements is not those operating in the same activity sector of the economic unit, but the possibility of comparison between economic units in different activity sectors.
3. The principles contained in the International Financial Reporting Standards Board in the conceptual framework do not take on a mandatory character, but in principle their origin goes back to public law.
4. It contributes to achieving advantages for foreign economic units, as the use of IFRS in countries where there are branches of a specific unit ensures that the branches can employ local financial specialists who have been trained according to the same accounting principles on which the company operates as a whole, and is beneficial to the economic unit with activity outside its countries and with regard to the control environment. Internally, the advantage results from the geographic reach of the application of IFRS.

5. The Financial Reporting Standards Board indicates that the standards issued are of high quality, as they combine the characteristics of transparency, accountability and efficiency of markets and their financial standards around the world.

Consequently, many organizations favor the adoption of International Financial Reporting Standards (IFRS) due to the substantial influence these standards have on financial report readers and the parties involved in their implementation. The impacts of IFRS may be demonstrated in comparison to other standards in the following manner.

The concept of value relevance of accounting information*3.*

First: the concept of relevance of value to information.

Value relevance has been defined as: “the ability of financial statement information to capture or summarize information that affects the market value of stocks (Saleh, 2016:42) [6]. Value relevance is defined as the informativeness of the financial statements, and the greater the value relevance, the greater the possibility of relying on the financial statements to make decisions.” Investment decisions and thus increased the correlation between financial statement elements and company stock prices or returns (123: 2022. Luehlfing) [9]. Accounting information plays an important role in shareholders' evaluation of the company in shaping their investment decisions. The statistical correlation between accounting information and stock prices is used to evaluate the degree of relevance of the value of accounting information to shareholders.

Second: The importance of appropriateness of the value of accounting information.

Many investors and lenders base their decisions on useful accounting information that is relevant and has predictive and confirmatory value (Alqatan & Abbas, 2019:6778) [17]. The suitability of the value is a factor in reducing information risks by reducing the inaccuracy of prediction of the future profits expected to be achieved by the company. The suitability of the value makes it possible to verify whether the information contained in the financial statements or other information available to the public is useful to the decision-making process by investors. (Hudecz & Johnsson, 2021: 7) [18] Investors use information, Accounting as a vital input for making decisions. If the information disclosed by companies provides value-relevant information to investors, investors' knowledge of information related to the company's financial position is reflected in the stock price, which reduces the risks of information contained in the financial statements resulting from reducing the inaccuracy of forecasting expected future profits. It also helps them evaluate stock prices, and since investors depend on accounting information for investment purposes, this information must be accurate in order to protect investors (Mohammadi, S, 2014: 2) [19].

The third section: the practical aspect of the research.

In order to fulfill the requirements of the research methodology and demonstrate the validity of its plan and test its main and subsidiary hypotheses, this axis seeks to shed light on measuring the analysis and interpretation of the content of the hypothetical relationships between the research variables and their dimensions that are approved in the research plan by testing the research hypotheses and studying the extent of their validity using a group of statistical methods, including:

First: the research population and sample.

The research population comprises a sample of 10 banks that are registered on the Iraqi Stock Exchange. In order to adhere to the guidelines set by the Central Bank's Banking Supervision Department, it is necessary to adopt international accounting standards and international financial reporting standards, No. (9/2/5820), Implementing global accounting standards and global financial reporting standards.

Table 1: List of names of banks in the research sample

Capital as in 31/21/2019	**Founding date**	**Bank name**	**sequence**
265000000000	2009	Erbil Bank for Investment and Finance	1
250000000000	2005	Ashur International Investment Bank	2
252000000000	2002	Union Bank of Iraq	3
250000000000	1993	Iraqi Investment Bank	4
250000000000	1999	Economy Bank	5
250000000000	2001	Regional Commercial Bank for Investment and Finance	6
250000000000	1995	National Bank of Iraq	7
250000000000	1998	Credit Bank of Iraq	8
250000000000	1992	Commercial Bank of Iraq	9
250000000000	2011	International Development Bank for Investment and Finance	10

Second: Statistical models to measure the determinants of compliance with international financial reporting standards.

Linear regression models will be relied upon to measure the impact of the determinants of compliance with international financial reporting standards for a sample of banks consisting of (76) observations representing (20) banks for the period from 2016 to 2019. Below is Model (1) of the statistical regression equation used to measure the determinants of compliance with reporting standards.

International Financial

$IFRS_{it} = \beta_0 + \beta_1\ SIZE_{it} + \beta_2\ PROFIT_{it} + \beta_3\ AUDIT_{it}$

So that

IFRSit = represents the percentage of compliance of company (i) for year (t) with IFRS.

SIZEit = represents the logarithm of the total assets of company (i) in year.

PROFITit = represents the net income of company (i) in year (t) divided by assets of company (i) in year (t).

AUDITit = represents the audit fees for company (i) in year (t).

Third: Descriptive statistics for the variables of the model measuring determinants of compliance.

Table (2) presents the descriptive statistics for the variables in the statistical model (1) used to assess the factors influencing compliance with international financial reporting requirements among the banks included in the study sample. The table displays the findings that indicate the average compliance rate with the International Financial Reporting Standards (IFRS) was 56.7%, with a standard deviation of 15.3%. This suggests a significant variation in the extent to which banks in the research sample adhere to the IFRS standards. The finding demonstrates that the Iraqi banks in the research sample did not exhibit a high level of conformity with international financial reporting standards, indicating a below-average adherence to reporting standards in the finance sector. According to Table (2), the average size of the banks in the research sample (SIZE) was 11.748 with a standard deviation of 0.158. This suggests that there is not a significant difference in the sizes of the Iraqi banks in the research sample. However, the data indicate that the average profitability (PROFIT) for the banks in the research sample was 0.008, with a standard deviation of 0.014. This is a very low percentage. The findings indicate that the average audit cost to assess audit quality (AUDIT) was 7.890 dinars, with a standard variation of 0.146.

Table 2: Descriptive statistics for determinants of compliance rates

Maximum	**Minimum**	**Std. Deviation**	**Median**	**Mean**	Variables
0.824	0.000	0.153	0.581	0.567	**IFRS**
12.195	11.516	0.158	11.722	11.748	**SIZE**
0.041	-0.038	0.014	0.007	0.008	**PROFIT**
8.348	7.544	0.146	7.857	7.890	**AUDIT**
Whereas, IFRS = compliance rates of the research sample banks; SIZE = logarithm of total assets; PROFIT = represents the rate of return on assets; AUDIT = represents audit fees in Iraqi dinars:					

Source: Prepared by the researcher based on the Iraqi Stock Exchange and the financial reports of the research sample banks.

Fourth: Results of Pearson's correlation analysis for the research variables.

Pearson's correlation analysis was used to assess the level of correlation between the dependent and independent variables in the statistical model. This analysis aimed to identify the factors that influence compliance with international financial reporting standards and to determine the strength of the relationship between the independent and dependent variables in the research. The results of Pearson's correlation test are presented in Table 3. The analysis of the Pearson correlation model and its results helps determine if there is a potential issue of linear correlation (multicollinearity) between the variables in the measurement model. Table (3) indicates a positive correlation between profitability (PROFIT) and the percentage of compliance with International Financial Reporting Standards (IFRS), with a correlation coefficient of 0.258. This correlation is statistically significant at a level below 0.05. Although the other determinants do not exhibit a substantial association with the dependent variable, which is the compliance rate with IFRS.

Table 3: Correlation and significance between compliance rates and determinants

Correlations					
AUDIT	**PROFIT**	**SIZE**	**IFRS**		
			1	Pearson Correlation	**IFRS**
				Sig. (1- tailed)	
		1	.022	Pearson Correlation	**SIZE**
			.425	Sig. (1- tailed)	
	1	-.053	.258**	Pearson Correlation	**PROFIT**
		.325	.012	Sig. (1- tailed)	
1	-.038	.327***	.096	Pearson Correlation	**AUDIT**
	.373	.002	.205	Sig. (1- tailed)	
***At a significance level of 0.01; **At a significance level of 0.05; *At a significance level of 0.10					
As IFRS = represents a percentage of compliance with international financial reporting standards; SIZE = size of the bank represented by total assets; PROFIT = represents a bank's profitability measured by net income divided by total assets; AUDIT = audit fees;					

Source: Prepared by the researcher based on the Iraq Stock Exchange.

Fifth: Results of regression analysis of determinants of compliance.

Table (4) displays the outcomes of the multiple linear regression equation analysis and the impact of determinants on the percentage of compliance with international financial reporting requirements for the banks in the study sample. The results show that the value of R2, which measures the degree of effect of these factors, was 43.3%, and the adjusted R2 was. 37.5 percent

The findings indicate a substantial and favorable impact of bank size (SIZE) on the compliance rate (IFRS) of the banks in the study sample. This impact is highly significant at a level of 0.01, with a regression coefficient of 0.525. We also note that profitability (PROFIT) has a strong positive effect, with a significant significance of less than (0.01) on compliance rates (IFRS), with a regression coefficient of (3.061). As for the quality of the audit (AUDIT), it has no effect on the percentage of compliance with the International Financial Reporting Standards (IFRS).

Table 4: Multiple regression analysis of determinants of compliance rates with international financial reporting standards.

$IFRS_{it} = \beta_0 + \beta_1 SIZE_{it} + \beta_2 PROFIT_{it} + \beta_3, AUDIT_{it}$				
Sig.	**T**	**Std. Err.**	**Coef.**	**Model**
0.008***	-2.750	1.990	-5.479	(Constant)
0.003***	3.070	0.172	0.525	SIZE
0.004***	2.960	1.033	3.061	PROFIT
0.649	0.460	0.000	0.000	AUDIT
R*2* = 0.433 N= 76 Adjusted R2 = 0.375 T= 2016-2019				
SIZE = represents the total assets of the bank; PROFIT = represents a bank's profitability measured as net income divided by total assets; AUDIT = audit fees:				

Source: Prepared by the researcher based on the Iraq Stock Exchange.

Sixth: Discussing the results and testing the research hypotheses regarding compliance rates and its determinants.
After analyzing the financial accounts of the commercial banks in the study sample, the results of the primary and secondary hypotheses can be reached, which are as follows:

Testing Hypothesis (1) there is a discrepancy in the rates of compliance of the Iraqi banks in the research sample with the International Financial Reporting Standards (IFRS).
In order to evaluate the study hypothesis (H1) on the extent of the application rates of international financial reporting standards, the degree of application of the research sample banks was assessed and quantified using the published financial statements. The applicable results presented in Table (1) provide a summary of the research sample banks' implementation of international financial reporting standards, as evidenced by the data. There is a significant disparity in the application criteria across different banks, There is a discrepancy in the bank's financial reports over different years, suggesting that it is struggling to apply the IFRS standards. The bank needs to make a greater effort to achieve a higher level of compliance with international financial reporting standards in order to ensure the accuracy and quality of the accounting information in its financial statements.

Testing the hypothesis (H2): The compliance rates of the Iraqi banks in the research sample with the International Financial Reporting Standards (IFRS) are affected by the financial characteristics of those banks.
The first sub-hypothesis: There is a significant relationship between the size (SIZE) of the banks in the research sample and the compliance rates with the International Financial Reporting Standards (IFRS).
The applied results shown in Table (4) show that there is a strong positive effect of size on the compliance rate, which was confirmed by previous studies and research. This result importantly indicates that large banks are keen to strictly adhere to the application of international financial reporting standards in order to maintain their good image and reputation among investors and all stakeholders.

The second sub-hypothesis: There is a significant impact relationship between the profitability (PROFIT) of the banks in the research sample and the compliance rates with international financial reporting standards (IFRS).
Research has also indicated that there is an effect of profitability on the level of compliance. The applied results shown in Table (4) indicate that there is a positive and strong effect on the percentage of compliance with international financial reporting standards, as banks with higher profits are more compliant with IFRS standards to demonstrate the extent of their ability to Achieving profits and achieving returns to investors in order to maintain their level and stability in light of the competition taking place in the world of markets.

The third sub-hypothesis: There is a significant relationship between the audit quality (AUDIT) of the banks in the research sample and the compliance rates with the International Financial Reporting Standards (IFRS).
The applied results shown in Table (4) indicate that there is no effect of audit quality on the percentage of compliance with international financial reporting standards. The reason for this is that audit fees were similar between banks for the same year and there is no noticeable discrepancy.

Conclusions
1. The application of international financial reporting standards has important repercussions on the economies of different countries of the world, as it helps open up markets, achieve economic growth, and contribute to attracting foreign investment at a lower cost of capital. The process of applying IFRS standards also increases the chances of cross-border mergers as it reduces the cost of preparing financial reports in both the country of the holding company and the country of the subsidiary.
2. The application of international financial reporting standards has an important impact on the relevance and value of accounting information. High application and compliance with IFRS standards helps increase value relevance, as a result of improving the quality of information available to markets and investors, which increases the explanatory power of a company's stock prices as a function of its profits and book value.
3. Applying international financial reporting standards helps reduce the cost of capital represented by interest rates on stocks and bonds in order to identify and hedge risks more accurately and reduce the risks of information asymmetry.
4. Mandatory adoption of IFRS standards is much better than voluntary adoption of standards. In the case of voluntary adoption, there is the possibility of not implementing the standards completely, that is, partial application of them, as many results confirm that compliance rates are higher in the case of mandatory application of the standards. 5.Regulators and enforcement agencies in developing countries face

greater challenges and difficulties than developed countries in applying international financial reporting standards, as a result of many reasons, including: the weakness of the education and training system for accountants and auditors, and the lack of professional experience for them in developing countries.

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