

THE ROLE OF ACCOUNTING STANDARD NO. 32 (FINANCIAL DERIVATIVES) IN REDUCING BANKING RISKS, A CASE STUDY: IRAQI PRIVATE BANKS

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ABSTRACT

The research aims to review and clarify the accounting standard No. 32, and then clarify its role in reducing market risks in Iraqi private banks, and the research also aims to explore the reality of banks to determine the extent to which they are able to apply Standard 32, the researchers used the descriptive approach, by referring to previous studies and literature related to the subject For the purpose of describing the reality of the problem, then they used a questionnaire to collect the primary data from the study population, which consisted of twenty-five private households, 20 of them were randomly tested to implement the study. After collecting and analyzing the data, the researchers concluded that there is a positive effect between (the quality of the financial statements and market risks) and the application of Standard 32, and the researchers also concluded that private banks (represented by their staff) are not sufficiently qualified to apply the standard. The research concluded with recommendations.

Keywords: Accounting, Financial Derivatives, Iraq, Private Banks

INTRODUCTION

International Accounting Standards 32 (Financial Instruments) relates to how financial instruments are presented and disclosed in the financial statements, (whether they are traditional such as bonds or modern such as swaps and interest swaps...), this research deals with International Standard (32) and its impact on banking risks and the extent of its use in Iraqi private banks.

The tremendous technological progress and the communications revolution, and the emergence of the idea of globalization of information ... The banking sector is the most affected sectors, so the idea of the local bank no longer exists, this openness to work generated the need to "standardize" work (trying to standardize procedures as much as possible), especially in accounting treatments, From here emerged the idea of accounting standards, and increased its importance and adherence to it.

This research is a simple scientific attempt to find out the extent of the application of accounting standard No. 32 (for financial instruments) in Iraqi banks, the extent of the possibility of this, and what are the benefits of its application and what are the challenges.

The research will be presented and discussed in four main sections: After the introduction and the general framework of the research (objective, problem, methodology, previous studies and assumptions), we will review the theoretical framework of the research, which includes accounting standards in general, then Standard 32 in particular, after that comes the practical side, which includes: The population and sample of the study and the means of collecting the primary data, then packaging, classifying and testing its credibility, then analyzing and discussing the data, after that, and based on the foregoing, we will reach the conclusions and recommendations.

Research Problem

We do not say that the experience of private banks is modern in Iraq, but what is new in the matter is their emergence in a large number and with large investments, they have become an important center in the banking sector, so it has become necessary to examine the accounting practices adopted by that bank, and how close or far from international standards, and what are The challenges it faces, and the researcher believes that this is one of the basic tasks of the academic professor, so he has the responsibility to raise the application to the level of theorizing.

The research problem is summarized in the following main question:

1. Can IFRS 32 be applied to Iraqi private banks?
Then the following sub-questions:
2. Does the application of International Standard 32 improve the accounting information produced in the Iraqi environment?
3. What are the risks of applying ISPM 32?
4. Does the application of international standard 32 face the problem of opponents in the Iraqi environment?
5. Is there an accounting staff capable of applying?

Research Objective

The researcher aims to achieve the following main objective:

Examination of the extent to which Iraqi private banks apply the accounting standard No. 32 on financial instruments

An academic researcher is like a doctor! The necessities of the profession may dictate that he examine several areas of the patient's body in preparation for the examination of the main disease.

Therefore, for the purposes of achieving the main goal, the researcher must achieve secondary goals that fall into the main stream, which are:

- Presentation and discussion of Standard 32 in a simplified manner.
- Discussing the eligibility of staff in private banks to apply accounting standards in general and Standard 32 in particular.
- Identify (obstacles, capabilities, requirements), which can be combined with the word "challenges" that stand in the way of implementing the standard - if any -.

Previous Studies

There are many studies that dealt with accounting standard 32, we will review what is consistent and serves the objectives of our research, and it will be one of the foreign studies, one of the Arab studies, and the other Iraqi.

Study of Ahmed (2016), the study dealt with the impact of compliance with International Accounting Standard No. (32) Financial Instruments, Disclosure and Presentation, on the quality of financial reports in the Sudanese banking sector, an applied study on the Nile Bank for Trade and Development. The aim of the study is to:

Identifying the extent to which companies are committed to preparing their financial statements at the end of the year and identifying the extent to which companies comply with the requirements of International Accounting Standard No. (32) In the quality of financial reports. It also aimed to identify the extent to which there is a relationship between compliance with international accounting standards and the quality of financial statements. The researcher followed the analytical statistical approach and assumed: (1) There is a statistically significant relationship between the classification of financial instruments and the presence of financial reports in Sudanese banks. (2) There is a statistically significant relationship between the classification of compound financial instruments and the quality of financial reports in Sudanese

banks. (3) There is a statistically significant relationship between financial instruments and the quality of financial reports in Sudanese banks.

Then the researcher reached the following results:

- 1) The quality of the financial reports provides a sound accounting of the bank's activity. The financial statements include control procedures that help the financial management achieve its goals, and there is control over data entry and system outputs in the bank.
- 2) There is a statistically significant relationship between the classification of financial instruments and the quality of financial reports in Sudanese banks.

Study Lantto (2006), (Does IFRS improve the usefulness of accounting information in a code-law country)?

Where this study was applied in Finland, which has strong systems that enhance the legal environment and enhance the local accounting standards applied in this country. The study aimed to: Find out whether the accounting information resulting from the application of international financial reporting standards is reliable and appropriate, and also aimed to know whether the information resulting from the use of estimates contained in international financial reporting standards is also appropriate and reliable. The researcher used the method of empirical analysis through three questionnaires distributed to each of the financial analysts, managers and external auditors. The researcher assumed: (1) that the accounting information resulting from the application of international financial reporting standards is reliable and appropriate, (2) that the information resulting from the use of estimates contained in international financial reporting standards is also appropriate and reliable.

The researcher found the following:

- 1) Respondents consider that accounting information based on the application of international financial reporting standards is appropriate for making economic resource allocation decisions.
- 2) Respondents consider that accounting information based on estimates contained in IFRS requirements is appropriate for making economic resource allocation decisions.
- 3) Respondents consider the accounting information based on the application of international financial reporting standards and international accounting standards to be reliable and highly reliable.
- 4) Respondents are neutral towards the reliability and reliability of accounting information based on estimates contained in the requirements of international financial reporting standards and international accounting standards.

In a research by Dr. Amer Salman and his colleague, presented to the first scientific and professional conference of the Iraqi Society of Certified Accountants, entitled: The Iraqi Environment's Approach with IFRS Standards and its Impact on the Quality of Accounting Information by Application on a Sample of Private Banks Listed in the Iraq Stock Exchange.

The research sought to show the compatibility of the Iraqi environment with all its variables (cultural, social, political, legal and economic) with IFRS standards, and whether compatibility or unification should be. And in one of the most vital sectors in economic life, which is the banking sector in particular, Especially, after the Central Bank of Iraq obligated all banks to apply IFRS standards to their financial statements for the year 2016 in response to the requirements of the International Monetary Fund.

Hypotheses

In order to achieve the objectives of the study, the researchers assume three hypotheses in the form of proof, as follows:

- 1) The application of International Standard No. 32 has a role in improving the quality of accounting information.
- 2) The use of International Standard No. 32 reduces money market risks.
- 3) There is sufficient possibility to apply international standard 32 in the environment of Iraqi private banks.

Study Methodology

For the purposes of achieving this research, the researcher will rely on statistical analysis to analyze the study data that will be collected through a questionnaire and the use of the SPSS statistical analysis program. With the adoption of some curricula such as:

- The inductive approach: with the aim of studying and extrapolating some of the previous writings and studies included in the Arab accountant thought related to the topic of research and how to benefit from them in addressing the research problem.
- The deductive approach: which depends on logical deductive reasoning to try to link in a logical way between the different aspects of the role of applying IAS 32 on financial risks in private banks.

The sources for collecting study data are as follows:

- 1) Sources: books, periodicals, theses, scientific journals, the Internet.
- 2) Primary sources: A questionnaire was used to collect data.

Study Limits

Spatial boundaries: Iraqi private banks (a sample of Iraqi private banks).

Time limits: The survey data for the year 2021.

THEORETICAL FRAMEWORK

Accounting Standards a Closer Look

The standard in language is: a model in which the weight, length, or quality of an object is measured in its light (Ahmed, 2005) and in accounting thought.

It is: the basic guide for measuring the operations, events and conditions that affect the financial position of the facility and the results of its work, and the communication of information to its beneficiaries (Lutfi, 2005) and it is from the researchers' point of view: it is a set of rules that regulate and control the accounting practice so that there is no discrepancy in the results of operations and information provided by the financial reports to enable the beneficiaries to make investment decisions with confidence.

- The importance of standards: If we adopt the saying, "Accounting is the language of accountants," the standards will be the "rules" of that language. Is any language correct without its rules? Therefore, it is a guarantee of achieving integration between internal and external reports and the development of performance measures to remain unified, as it determines the characteristics that the accounting information should have, and specify the clarifications that the facility must disclose. So it serves to reduce the scope of the difference in practice (Sorour, 2009). In general, contemporary developments in the business environment and the control of globalization on financial markets all require the presence of accounting standards.
- Origin and development of accounting standards:

Standards are the first steps of practical application and represent a link between theory and practice. They are the most important tools of practical application.

- In 1973, the International Accounting Standards Committee (IASC) came into being following the agreement of the leading professional associations and institutes in the free world to establish the International Accounting Standards Committee, which sets and publishes international accounting standards with the aim of developing and promoting an interconnected accounting profession with well-known and specific coordinated assets (Lutfi, 2005).

The year 1966 was the first start and in 1967

The beginning of the work of the International Committee dates back to the late 1966 AD, at that time accounting standards were not more prominent or used than contemporary history, as the world moved towards globalization, international accounting standards and then

issued by the International Accounting Standards Board (IASB) and its previous boards to be used by local listed companies in the stock market and companies not listed in the stock market in the countries that have adopted accounting standards, including the European Union, which has issued laws requiring companies listed in the stock market to follow these standards when preparing financial statements (Sorour, 2009).

Accounting standards have gone through several stages since the establishment of the International Account Study Group in 1967 AD, and when accounting standards were issued, some of them provided several accounting treatments other than the application of the problem or the single topic, and this persuasion leads the Council at the time that there are several acceptable accounting treatments for one problem. After the European Commission required companies operating in the European Union to use international standards, a basic requirement for companies listed in the financial markets, a turning point in the history of international accounting standards. This was followed by the developments that took place in the United States of America, as the United States is currently switching to international standards to be used by companies operating in the United States. These developments prompted many countries of the world to require companies operating in these countries to use international accounting standards when preparing their accounts (Radwan, 2003).

- In 1966 a proposal was presented to establish international standards with the membership of the Council of Certified Accountants of Britain, Will of the American Council of Certified Accountants and the Council of Canadian Certified Accountants.
- In 1967, the International Accounting Studies Group (AISG) was formed, and the Council issued a set of important accounting papers.
- In 1973, the International Accounting Association (ISAC) was established on the basis of the International Accounting Studies Group (AICG), emphasizing the importance of the Council obtaining international recognition as an international body that issues accounting standards.
- In 2001, the International Accounting Standards Board (IASB) was formed as an alternative to the association. During the period from 1973 to 2001, the association issued accounting standards starting from IAS1 to IAS41. (Hassan, 2006)
- In 1997, the Permanent Interpretations Committee (SIC) was established to be a permanent reference for the interpretation of accounting standards to solve the problem of the difference in application from one place to another so that it is a source responsible for guiding accountants on how to implement the standards issued by the IASB.

In 2000, the U.S. Stock Exchange was issued. The International Organization of Securities Commission (IOSCO) The International Organization of Securities Commission (IOSCO) has approved the International Accounting Standards for the use of foreign companies listed in the stock market.

- Since that date until today, the standards and the associations sponsoring them are in continuous development, whether at the global or national level, so Egyptian, Saudi and Iraqi standards were developed, to name a few, because accounting in general (and its standards) are in the service of business reality. The researchers expect that the "Corona pandemic" will cast a shadow over the standards and a new thing will be issued that coordinates some treatments with what is happening in the reality of the business environment.

Standard 32 Financial Instruments: A Closer View

Standard 32 deals with disclosure and presentation requirements related to financial assets, liabilities and equity, as well as with regard to the offsetting of financial assets and liabilities and the disclosure of related information in financial statements (God's Day, 2003).

- The objective of the standard is to strengthen the understanding of the users of financial statements regarding the importance of financial instruments, whether they appear in or outside the financial statements, for the entity's financial position, performance and cash flows.
- The standard provides a description of the requirements related to the presentation of financial instruments shown in the balance sheet. The standard deals with how to classify financial instruments into liabilities and

equity, as well as classify their related interests, dividends, losses and gains, as well as clarifying the circumstances in which financial assets and financial liabilities must be set off.

- The disclosure part deals with the information on the factors that affect the amount, timing and risks of the company's future cash flows arising from financial instruments, as well as the accounting policies applied in the treatment of financial instruments. In addition, the standard favors the disclosure of information about the nature and extent of the entity's use of financial instruments, the purposes of their use, the risks associated with them, and management's policies for controlling those risks.
- Scope of the standard: its scope can be defined as follows:
 - This standard should be applied when presenting and disclosing information related to all financial instruments, whether or not they are recorded in the books, except for some exceptions.
 - Although this standard does not apply to shares in subsidiaries, it applies to all financial instruments included in the consolidated financial statements of the holding company, whether those instruments are owned or issued by the holding company or the subsidiary company.
 - For the purposes of this standard, an insurance contract is defined as a contract that exposes the insurer to specific risks of losses that result from events or conditions that occur or are discovered during a specified period.

Terms to be defined

- Financial asset: Any asset that is in the form of cash, or a contractual right to receive cash or a financial asset from another entity, or a contractual right to exchange other financial instruments on favorable terms with another entity, or an instrument or equity instrument of another entity.
- Equity instrument: Any evidence of an ownership interest in another entity.
- Financial obligation: It is any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial instruments with another entity on terms that may be unfavorable (Zubair, 2008).
- Financial instrument: It is cash or evidence of owning an ownership interest in a facility or a contract that imposes on one of the parties a contractual obligation to provide cash or another financial instrument to another entity, or to exchange financial instruments with the second entity.

Presentation Topics Covered By the Standard

- 1) Differentiation between obligations and equity: When classifying the financial instrument for the first time, the issuer of the financial instrument must classify the financial instrument or its components as liability or equity, according to the substance, concepts of financial liability and equity instruments.
- 2) Classification of complex instruments: What governs the process of classifying the financial instrument in the balance sheet is the essence of the financial instrument, not its legal form (the substance is more important than the form) (Al-Qadi, 2001).
- 3) Reporting on benefits, dividends and gains: The precise distinction between profits, losses and gains.
- 4) Offsetting between financial assets and financial liabilities: offsetting between a financial asset and a financial liability. There must be an offsetting between the financial asset of the financial liability and showing the net value in the balance sheet.
- 5) Disclosure: The purpose of the disclosure required in accordance with this standard is to provide information that deepens the understanding of the importance of on-balance sheet or off-balance sheet financial instruments on the entity's financial position, performance and cash flows, as well as assisting in determining the amounts, timing and extent of future cash flows related to these instruments.
- 6) Impact of financial instruments: The financial instrument can be used to charge the entity, or the entity may transfer one or more financial risks to another party. The required disclosures provide information that helps users of financial information in evaluating the extent of risks related to financial instruments, whether they are recognized or not (Hussain, 2008).

PRACTICAL PART

We will discuss everything related to practical application according to the following sequences:

Study Variables: They are:

First: The independent variable: International Standard 32.

Second: The dependent variable: It represents financial risks.

Methods of Collecting Data and Information

For the theoretical framework, we relied on books, journals, studies, conferences, theses and scientific research related to the subject, as well as available sources on the Internet. As for the practical chapter, data collection was based on the field survey through the questionnaire form.

The Tool of the Study and the Measurement of Variables

For the purpose of proving or disproving hypotheses and achieving the goal of the research, a questionnaire was designed in two parts: the first: to limit the demographic characteristics of the research sample, and the second part: for the purpose of testing the hypotheses.

The response pattern to the questions in the second section was according to a five-level Likert scale, which consists of five levels (5 denotes strongly agree, 4 agree, 3 neutral, 2 disagree, and 1 strongly disagree).

Population and Sample of the Study

The study population is all Iraqi private banks, numbering 25, according to the latest statistic of the Central Bank of Iraq (1), and 20 banks were chosen randomly, shown in Appendix No. 1 at the end of the research.

As for the selection of individuals (or employees) to be questioned, it was determined (intentionally) who is in the position of manager or assistant and who occupies the position of department manager or department manager in the banks that were identified, after that 40 random individuals were chosen from among them.

Then the questionnaires were distributed in full, we received the answers in full, and all of them are valid for analysis.

As for the study sample, it was chosen by the simple random sampling method, which is 40 individuals.

Statement	Number	%
Certified surveys	40	%100
Excluded surveys	-	-
Total distributed questionnaires	100	%100

Statistical Methods Used

The (SPSS) program was used to treat the data statistically, as well as the frequencies and percentages of the respondents' answers, the chi-square test to measure the quality of agreement, and the analysis of variance test to find out the relationship between the variables.

The Validity and Reliability of the Study Tool

As for the content validity, the questionnaire was judged by specialists, and for reliability, the reliability rate was measured as shown in Table 2.

Table 2 THE VALIDITY OF THE QUESTIONNAIRE		
The hub	Stability coefficient	Self-honesty coefficient
The axes as a whole	0.78	0.88

It is clear from Table 2 that the reliability coefficient is equal to (0.73) and the honesty of the respondents' answers to the questionnaire's questions is equal to (0.85) which is greater than (0.60), which indicates that the study's questionnaire is characterized by very great reliability and validity to achieve the purposes of the research, and makes the statistical analysis sound and acceptable.

Data Analysis

This part includes the analysis of the personal (demographic) data of the sample members, and it includes the analysis of the main axes of the study, by organizing the repetitive distribution of the respondents' answers to the search terms, and summarizing the data in tables that show the values of each variable to clarify the most important basic features of the sample in the form of numbers and percentages for study terms.

Analysis of the Personal Characteristics of the Research Sample

The following table 3 summarizes the results of the bibliographic data for the research sample, which numbered forty individuals.

Table 3 BIBLIOGRAPHICAL CHARACTERISTICS								
Age	Rep.	%	Specialization	Rep.	%	Job title	Rep.	%
under 30 years old	5	0.13	Accounting	10	25	Director of the Department	11	27.5
From 30 and under 35 years old	12	0.30	Economic	4	10	Deputy Director of Administration	11	27.5
From 35 and under 40 years old	13	0.33	accounting information systems	7	17.5	Head of the Department	9	22.5
years and over 40	10	0.25	Business Administration	5	12.5	Employee	9	22.5
Total	40	%100	Banking Financial Studies	14	35	Other	0	0
			Total	40	%100	Total	40	%100
Qualification	Rep.	%	Professional qualification	Rep.	%	Years of Experience	Rep.	%
BS	13	32.5	American Fellowship of Accountants	0	0	less than 5 years	3	7.5
Higher Diploma	18	45	British Fellowship of Accountants	0	0	From 5 years to less than 10 years	13	32.5
.M.A	3	7.5	Arab Fellowship of Accountants	5	12.5	From 10 years and less than 15 years	11	27.5
PhD	6	15	Other	35	87.5	years and over 15	13	32.5
Other	0	0	Total	40	%100	Total	40	%100
Total	40	%100	Total	40	%100	Total	40	%100

Comment

- 1) Age: The age distribution was normal, and most of the workers are young people (10% only over the age of forty), and the largest category is 13%, between 35 and 40 years old.
- 2) Academic qualification: The lion's share of diplomas is 18%, and bachelor's degrees is 13%, and this is normal for bank employees, while PhD holders are only 6%.
- 3) Specialization: The most frequent specialization is financial and banking sciences, then accounting. This is a natural and good thing, and the rest of the specializations were in reasonable proportions.
- 4) Practical qualification: The percentage of qualification with foreign certificates is zero! Most of them are local (this is normal for the existence of the Higher Institute of Accountancy) and there are some Arab interpretations.
- 5) Job position: all those who were interviewed are of good position as department head or assistant manager... and above.
- 6) Experiences: very good, most of them are 97% of them more than five years.

The frequencies and percentages of the axis phrases (the application of the international standard 32 has a role in improving the quality of accounting information, as shown in Table 4

Statement		Totally agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Disclosure plays a major role in maximizing the quality and content of accounting reports.	N.	29	10	1	0	0	40
	%	72.5	25	2.5	0	0	100%
Disclosure is a role to ensure transparency in the financial statements.	N.	11	26	3	0	0	40
	%	27.5	65	7.5	0	0	100%
Disclosure affects the achievement of the element of relevance and credibility.	N.	8	22	10	0	0	40
	%	20	55	25	0	0	100%
IFRS 32 plays an important role in the development of financial reports.	N.	3	22	9	6	0	40
	%	7.5	55	32.5	15	0	100%
Expanding disclosure plays an important role in enhancing the quality of information.	N.	18	8	5	9	0	40
	%	45	20	12.5	22.5	0	100%
The quality and quantity of information to be added to financial reports covers a larger sector.	N.	20	10	9	1	0	40
	%	50	25	22.5	2.5	0	100%
The financial reports prepared by the standard meet the needs of a wide range of beneficiaries.	N.	18	6	10	6	0	40
	%	45	15	25	15	0	100%
The financial reports prepared by the standard are subject to rules governing the accuracy, integrity and fairness of the data.	N.	19	6	10	5	0	40
	%	47.5	15	25	12.5	0	100%
Total axle	N.	126	110	57	27	0	
	%	39.40%	34.30%	17.80%	8.40%	0%	

Discussion

It is clear from Table 4 above that:

- 1- 97.5% of respondents strongly agree that "disclosure plays a major role in maximizing the quality and content of accounting reports", and 2.5% are neutral.
- 2- 92.5% of respondents strongly agree that "disclosure is a role to ensure transparency in the financial statements", and 7.5% are neutral.

- 3- 75% of respondents strongly agree that "disclosure affects the achievement of the element of relevance and credibility", and 25% are neutral.
- 4- 65.5% of respondents strongly agree that "International Standard 32 plays an important role in developing financial reports", 32.5% are neutral, while 15% disagree.
- 5- 65% of respondents strongly agree that "expansion of disclosure plays an important role in enhancing the quality of information", and 12.5% are neutral, while 22.5% disagree.
- 6- 75% of the respondents strongly agree with "the quality and quantity of information that should be added to the financial reports covering a larger sector", and 22.5% are neutral, while 2.5% do not agree.
- 7- 60% of respondents strongly agree that "the financial reports prepared by the standard meet the needs of large segments of the beneficiaries", and 25% are neutral, while 15% do not agree.
- 8- 62.5% of respondents strongly agree that "financial reports prepared by the standard are subject to rules governing the accuracy, integrity and fairness of data", and 25% are neutral, while 12.5% disagree.

While the total axis shows that 39.4% strongly agree with the answers to the axis and 34.35 agree, while 17.8% are neutral, and 8.4% do not agree.

The Second Axis: Table 5 Shows the Frequencies and Percentages of the Axis Phrases (Using International Standard 32 Reduces Money Market Risks)

	Statement	Totally agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1	Reduce bank risks	17	19	4	0	0	40
		42.5	47.5	10	0	0	1
2	You give information about the degree of risk.	13	27	0	0	0	40
		32.5	67.5	0	0	0	1
3	Banking risk management helps in preparing decisions to benefit from them with forecasting.	16	23	1	0	0	40
		40	57.5	2.5	0	0	1
4	Banking risk management helps reduce the degree of uncertainty surrounding the bank.	11	17	10	2	0	40
		27.5	42.5	25	5	0	1
5	Reduce financial risks.	17	13	10	0	0	40
		42.5	32.5	25	0	0	1
6	Banking risk management assists in evaluating performance by ensuring the integrity of operations and their compliance with accounting principles and foundations.	13	5	6	16	0	40
		32.5	12.5	15	40	0	1
7	Activate the performance of banking risk management.	18	5	9	8	0	40
		45	12.5	22.5	20	0	1
8	Availability of an essential factor to reduce bank credit risk.	22	3	12	3	0	40
		55	7.5	30	7.5	0	1
9	It reflects the ability of banking risk management to face unexpected future events and variables.	8	22	2	8	0	40
		20	55	5	20	0	1
10	Improving the performance of banking risk management in taking corrective decisions	8	29	1	2	0	40
		20	72.5	2.5	5	0	1

	when deviations occur.						
	Total axle	143	163	55	39	0	
		%36	%41	%14	%10	%0	

Discussion

Table 5 above shows the following:

1. 90% of respondents strongly agree that “banks reduce risks”, and 10% are neutral.
2. 100% of the respondents strongly agree that “you give information about the degree of risk.” And % are neutral.
3. 97.5% of respondents strongly agree that “banking risk management helps in preparing decisions to benefit from them by forecasting” and 2.5% are neutral.
4. 70% of respondents strongly agree that “banking risk management helps reduce the degree of uncertainty surrounding the bank”, 25% are neutral, while 5% disagree.
5. 75% of respondents strongly agree to “reduce financial risks”, and 25% are neutral.
6. 45% of respondents strongly agree that "banking risk management helps in evaluating performance by ensuring the integrity of operations and their compliance with accounting principles and foundations", and 15% are neutral, while 40% disagree.
7. 57.5% of the respondents strongly agree with the "activating the performance of banking risk management", and 22.5% are neutral, while 20% do not agree.
8. 8-62.5% of the respondents strongly agree on "the availability of an essential factor to reduce bank credit risk", and 30% are neutral, while 7.5% do not agree.
9. 75% of the respondents strongly agree with “it expresses the ability of banking risk management to face unexpected future events and changes”, and 5% are neutral, while 20% disagree.
10. 92.5 of the sample members strongly agree on "improving the performance of banking risk management in taking corrective decisions when deviations occur", and 2.5% are neutral, while 5% disagree.

While the total axis shows that 35.8% strongly agree with the axis's answers, 40.8 agree, while 13.8% are neutral, and 9.8% disagree.

The Third Axis: Table 6 Shows the Frequencies and Percentages of Axis Phrases (The Possibility of Applying International Standard 32 in the Environment of Iraqi Private Banks).

Table 6 SHOWS THE FREQUENCIES AND PERCENTAGES OF THE THIRD AXIS PHRASES							
	Statement	Totally agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1	Islamic banks adhere to IFRS 32.	7	23	10	0	0	40
		17.5	57.5	25	0	0	1
2	There is a study of the applied accounting system and a diagnosis of its reality and identification of its advantages and short comings.	4	25	11	0	0	40
		10	62.5	27.5	0	0	1
3	The accounting system is based on the application of the international standard.	9	23	2	6	0	40
		22.5	57.5	5	15	0	1
4	There is an application of the principle of accountability and transparency in prepared financial reports.	25	11	3	1	0	40
		62.5	27.5	7.5	2.5	0	1
5	Scientific and practical qualification is available.	16	13	11	0	0	40
		40	32.5	27.5	0	0	1
6	There are legal foundations upon which institutions are based, including the Public	18	16	3	3	0	40

	Accounting Law.	45	40	7.5	7.5	0	1
7	The importance of the media is used to clarify the role of the international standard.	15	14	6	5	0	40
		37.5	35	15	12.5	0	1
8	Economic conditions limit the application of the international standard.	8	9	16	7	0	40
		20	22.5	40	17.5	0	1
9	The lack of strict laws and regulations for institutions limits the application of the international standard.	13	15	9	3	0	40
		32.5	37.5	22.5	7.5	0	1
	Total axle	115	149	71	25	0	
		0.319	0.414	0.197	0.069	0	

Discussion

It is clear from Table 6 that:

1. 75% of respondents strongly agree that “private banks adhere to the international standard 32”, and 25% are neutral.
2. 72.5% of respondents strongly agree that “there is a study of the applied accounting system, diagnosing its reality and identifying its advantages and shortcomings”, and 27.5% are neutral, while % do not agree.
3. 89% of the respondents strongly agree that “the accounting system is based on the application of the international standard”, 5% are neutral, while 15% do not agree.
4. 90% of respondents strongly agree that “there is an application of the principle of accountability and transparency in prepared financial reports”, and 7.5% are neutral, while 2.5% do not agree.
5. 72.5% of respondents strongly agree that “scientific and practical qualifications are available”, and 27.5% are neutral.
6. 85% of respondents strongly agree that “there are legal foundations on which institutions are based, including the public accounting law”, and 7.5% are neutral, while 7.5% do not agree.
7. 72.5% of respondents strongly agree that "the importance of the media is taken advantage of to clarify the role of the international standard", and 15% are neutral, while 12.5% do not agree.
8. 42.5% of respondents strongly agree that “economic conditions limit the application of the international standard”, 40% are neutral, while 17.5% do not agree.
9. 70% of respondents strongly agree that "the lack of strict laws and regulations for institutions that limits the application of the international standard", 22.5% are neutral, while 7.5% do not agree.

While the total axis shows that 31.9% strongly agree with the axis's answers, 41.4 agree, while 19.7% are neutral, and 6.9% do not agree.

Hypothesis Testing

This part includes the statistical analysis of the expressions of the study axes, where the arithmetic mean and standard deviation are calculated, and the arithmetic mean of the expression is compared with the hypothetical mean of the study, whose value is (3), which was estimated (the sum of the degrees of the scale weights) strongly agree, agree, neutral, disagree, Strongly disagree) on the components of the scale $(5+4+3+2+1)/5=(15/5)=3$. Where the approval of the paragraphs is achieved if the arithmetic mean of the phrase is greater than the hypothetical mean (3), and the disapproval is achieved if the arithmetic mean is less than the hypothetical mean.

First Hypothesis Test

Table 7 Arithmetic mean, standard deviation, chi-square value and probabilistic value of axis expressions (the application of international standard 32 has a role in improving the quality of accounting information)

Table 7
ARITHMETIC MEAN AND STANDARD DEVIATION FOR THE VALUES OF THE FIRST AXIS

	Statement	Arithmetic mean	standard deviation	chi-square value	probability value	Conclusion
1	Disclosure plays a major role in maximizing the quality and content of accounting reports.	4.7	51640	30.65	0	function
2	Disclosure is a role to ensure transparency in the financial statements.	4.2	56387	20.45	0	function
3	Disclosure affects the achievement of the element of relevance and credibility.	3.95	67748	8.6	0	function
4	IFRS 32 plays an important role in the development of financial reports.	3.55	84580	21	0	function
5	Expanding disclosure plays an important role in enhancing the quality of information.	3.875	1	9.4	0	function
6	The quality and quantity of information to be added to financial reports covers a larger sector.	4.225	89120	18.2	0	function
7	The financial reports prepared by the standard meet the needs of a wide range of beneficiaries.	3.9	1	9.6	0	function
8	The financial reports prepared by the standard are subject to rules governing the accuracy, integrity and fairness of the data.	3.975	1.0021	12.2	0	function

Discussion

It is evident from Table 7 above, which calculates the arithmetic mean of the variables under study is greater than the hypothetical arithmetic mean (3), which indicates the homogeneity of the respondents’ answers, while the standard deviation ranged between (0.5-1.0) and the value of the probability chi is less than (the level Significance 0.05), *i.e.*, with a confidence degree of 95%, and this indicates that there is a significant difference (with statistical significance) between the frequencies obtained from the research sample and the expected frequencies. Through the above, the validity of the first hypothesis can be confirmed.

The Second Hypothesis Test

Arithmetic mean and standard deviation of expressions for the second axis

Table 8 Arithmetic mean, standard deviation, chi-square value and the probability value of the axis statements (using ISM 32 reduces money market risks.

Table 8
ARITHMETIC MEAN AND SECOND AXIS

	Statement	Arithmetic mean	Standard deviation	Chi-square value	Probability value	Conclusion
1	Reduce bank risks	4.325	65584	9.95	0	function
2	You give information about the degree of risk.	4.325	47434	4.9	0	function
3	Banking risk management helps in preparing decisions to benefit from them with forecasting.	4.375	54006	18.95	0	function
4	Banking risk management helps reduce the degree of uncertainty surrounding the bank.	3.925	85896	11.4	0	function
5	Reduce financial risks.	4.175	81296	1.85	0	function

6	Banking risk management assists in evaluating performance by ensuring the integrity of operations and their compliance with accounting principles and foundations.	3.375	1	8.6	0	function
7	Activate the performance of banking risk management.	3.825	1	9.4	0	function
8	Availability of an essential factor to reduce bank credit risk.	4.1	1	24.6	0	function
9	It reflects the ability of banking risk management to face unexpected future events and variables.	3.75	1	21.6	0	دالة
10	Improving the performance of banking risk management in taking corrective decisions when deviations occur.	4.075	65584	51	0	دالة

Discussion

It is evident from Table 8, which calculates the arithmetic mean of the variables under study is greater than the hypothetical arithmetic mean (3), which indicates the homogeneity of the respondents' answers, while the standard deviation ranged between (0.5-1.0) and the value of the probability chi is less than (the level of Significance 0.05), *i.e.*, with a confidence degree of 95%, and this indicates that there is a significant difference (with statistical significance) between the frequencies obtained from the research sample and the expected frequencies. Through the foregoing, the validity of the second hypothesis can be confirmed.

The Third Hypothesis Test

The arithmetic mean and standard deviation of expressions for the third axis, as shown in Table 9, shows the arithmetic mean, standard deviation, chi-square value and the probabilistic value of axis statements (the possibility of applying the international standard 32 in the Iraqi environment)

	Statement	Arithmetic mean	Standard deviation	Chi-square value	Probability value	Conclusion
1	Islamic banks adhere to IFRS 32.	3.925	65584	10.85	0	function
2	There is a study of the applied accounting system and a diagnosis of its reality and identification of its advantages and shortcomings.	3.825	59431	17.15	0	function
3	The accounting system is based on the application of the international standard.	3.875	93883	25	0	function
4	There is an application of the principle of accountability and transparency in prepared financial reports.	4.5	75107	35.6	0	function
5	Scientific and practical qualification is available.	4.125	82236	0.95	0	function
6	There are legal foundations upon which institutions are based, including the Public Accounting Law.	4.225	89120	19.8	0	function
7	The importance of the media is used to clarify the role of the international standard.	3.975	1	8.2	0	function

8	Economic conditions limit the application of the international standard.	3.45	1	5	0	function
9	The lack of strict laws and regulations for institutions limits the application of the international standard.	3.95	93233	8.4	0	function

Discussion

It is clear from Table 9 above, which calculates the arithmetic means of the variables under study greater than the hypothetical arithmetic mean (3), which indicates the homogeneity of the respondents' answers, while the standard deviation ranged between (0.5-1.0) and the value of the probability chi is less than (The level of significance is 0.05), *i.e.*, with a confidence level of 95%. This indicates that there is a significant difference (with statistical significance) between the frequencies obtained from the research sample and the expected frequencies. Through the foregoing, the validity of the third hypothesis can be confirmed.

FINDINGS AND RECOMMENDATIONS

Results

Based on the results of the practical side that were presented in the previous paragraph, the researchers reached the following:

- 1) The application of international standard 32 has a role in improving the quality of accounting information.
As shown in Table No. 4
- 2) The use of IFRS 32 reduces money market risks.
- 3) There is sufficient possibility to apply international standard 32 in the environment of Iraqi private banks.

Recommendations

- 1) The necessity of adopting International Accounting Standards No. 32 and its amendments to keep pace with the situation of Iraq and obligate institutions to do so
- 2) Training and developing employees of private banks towards accounting standards in general and Standard 32 in particular.
- 3) The necessity of conducting more research supported by the Bank.

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