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TOKAT GAZİOSMANPAŞA UNIVERSITY
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**THE EFFECT OF FINANCIAL INDICATORS ON THE QUALITY OF
ACCOUNTING REPORTS IN THE BANKING SECTOR:
IMPLEMENTATION OF PRIVATE BANKS
IN NORTHERN IRAQ**

Nizar Abdulbaqi AMEEN

**Department of Business Administration
Accounting and Finance Program**

Master Thesis

Supervisor: Prof. Dr. Mihriban COŞKUN ARSLAN

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SCIENTIFIC ETHICS PAGE

According to the thesis writing guide of Tokat Gaziosmanpaşa University, Institute of Graduate Education my master's thesis named "The Effect of Financial Indicators on The Quality of Accounting Reports in The Banking Sector: Implementation Of Private Banks in Northern Iraq" that I have prepared under the consultancy of Prof. Dr. Mihriban COŞKUN ARSLAN is based on scientific ethical values and rules. I hereby declare that it is an appropriate, original work, and I will accept any legal sanctions if it is determined otherwise.

02/02/2024

Nizar Abdulbaqi AMEEN

JURY ACCEPTANCE AND APPROVAL PAGES

Defense exam of the thesis research titled **"The Effect of Financial Indicators on The Quality of Accounting Reports in The Banking Sector: Implementation of Private Banks in Northern Iraq"** prepared by **Nizar Abdulbaqi AMEEN** was held on 02.02.2024 it was accepted unanimously as a Master's Thesis in Tokat Gaziosmanpaşa University Graduate Education Institute, Department of Business Administration-Accounting and Finance Department, by the jury given below.

Jury Members (Title, Name and Surname)

Signature

Member (Head- Supervisor): Prof. Dr. Mihriban COŞKUN ARSLAN	
Member:	
Member:	

APPROVAL

...../...../.....

Assoc. Prof. Dr. Yusuf TEMÜR

Director of the Graduate Education Institute

DEDICATION

Always the THINGS that have worked us hard to achieve, the want to dedicate them to the important people in our lives, so I dedicate this research to the most important people in my life” MOTHER & FATHER” and family members,

and also, to all my FRIENDS who helped me to make my research even if it by the word

Also, I dedicate it to my college “Tokat Gaziosmanpaşa University”

My dear supervision and head of department “Prof. Dr Mihriban COŞKUN ARSLAN”

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I also thank the members of the panel for allowing them to discuss this message, and all those who contributed to help me to complete my research.

ABSTRACT

The Effect Of Financial Indicators On The Quality Of Accounting Reports In The Banking
Sector: Implementation Of Private Banks In Northern Iraq

AMEEN, Nizar Abdulbaqi

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The research delves into the intricate relationship between Financial Indicators and the Quality of Accounting Reports within the dynamic banking sector of Northern Iraq, with a specific focus on private banks. The research emerges from the recognition of the pivotal role that accurate financial reporting plays in fostering Economic Growth, enhancing investor confidence, and facilitating informed decision-making within financial institutions. As private banks gain prominence in Northern Iraq's financial landscape, the need to understand how financial indicators influence the quality of their accounting reports becomes paramount. The research is guided by a structured framework that encompasses a range of objectives, including the identification of financial indicators affecting accounting report quality, the development of a comprehensive financial indicator system, and the measurement of their relative impact. The main hypothesis posits a significant effect of selected financial indicators, such as Profitability, Efficiency, and Growth indicators, on the Quality of Accounting Reports in the banking sector. These hypotheses form the basis for a systematic investigation into internal and external factors affecting the Quality of Accounting Reports and the role of Financial Indicators in shaping this quality. While the research acknowledges certain limitations, including sample size constraints, data reliability issues, and challenges in establishing causality. The findings are expected to benefit stakeholders, inform decision-making processes and advance academic knowledge.

Key words: Financial Indicators, Accounting Report Quality, Banking Sector

ÖZET

Bankacılık Sektöründe Finansal Göstergelerin Muhasebe Raporlarının Kalitesi

Üzerindeki Etkisi: Kuzey Irak'taki Özel Bankalar Üzerine Bir Uygulama

AMEEN, Nizar Abdulbaqi

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Araştırma, Kuzey Irak'ın dinamik bankacılık sektöründe finansal göstergeler ile muhasebe raporlarının kalitesi arasındaki karmaşık ilişkiye odaklanarak özel bankaları belirli bir odak noktasıyla incelemektedir. Araştırma, doğru finansal raporlamanın Ekonomik Büyüme'yi teşvik etmede, yatırımcı güvenini artırmada ve finansal kurumlarda bilinçli karar vermeyi kolaylaştırmada oynadığı önemli rolün kabul edilmesinden kaynaklanmaktadır. Özel bankalar Kuzey Irak'ın finans dünyasında öne çıktıkça, finansal göstergelerin muhasebe raporlarının kalitesini nasıl etkilediğini anlama ihtiyacı da önem kazanmaktadır. Araştırma, muhasebe raporu kalitesini etkileyen finansal göstergelerin belirlenmesi, kapsamlı bir finansal gösterge sisteminin geliştirilmesi ve göreceli etkilerinin ölçülmesi de dahil olmak üzere bir dizi hedefi kapsayan yapılandırılmış bir çerçeve tarafından yönlendirilmektedir. Ana hipotez, bankacılık sektöründe karlılık, verimlilik ve büyüme gibi seçilmiş finansal göstergelerin muhasebe raporlarının kalitesi üzerinde önemli etkisini ve seçilen göstergelere bağlı olarak farklılıklar gösterdiğini ortaya koymaktadır. Bu hipotezler, muhasebe raporlarının kalitesini etkileyen iç ve dış faktörlere ve finansal göstergelerin bu kaliteyi şekillendirmedeki rolüne ilişkin sistematik bir araştırmanın temelini oluşturmaktadır. Araştırma, örneklem büyüklüğü kısıtları, veri güvenilirliği sorunları ve nedensellik kurmadaki zorluklar gibi bazı sınırlamaları kabul etmekle birlikte, Kuzey Irak'ta faaliyet gösteren özel bankalar bağlamında finansal göstergelerin muhasebe raporu kalitesi üzerindeki etkisine ilişkin bilgi açığını kapatmadaki öneminin altını çizmektedir. Bulguların paydaşlara fayda sağlaması, karar alma süreçlerini bilgilendirmesi ve akademik bilgiyi ilerletmesine katkıda bulunması beklenmektedir.

Anahtar kelimeler: Finansal Göstergeler, Muhasebe Raporu Kalitesi, Bankacılık Sektörü

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ABBREVIATION

AML/CFT: Anti-Money Laundering/Combating the Financing of Terrorism.

AUM: Assets Under Management.

AIS: Accounting Information System.

AP: Accounts Payable.

AR: Accounts Receivable.

BCBS: Basel Committee on Banking Supervision.

CDs: Certificates of Deposit.

CAR: Capital Adequacy Ratio.

CBI: The Central Bank of Iraq

CEO: Chief Executive Officer.

COGS: Cost Of Goods Sold.

D/E: Debt-To-Equity Ratio.

DIO: Day's Inventory Outstanding.

DPO: Days Payable Outstanding.

DSO: Days Sales Outstanding.

DAR: Deposit Asset Ratio.

DF: Degree of Freedom.

EBIT: Earnings Before Interest and Taxes.

EPS: Earnings Per Share.

EQR: Equity Ratio.

EU: The European Union

FASB: Financial Accounting Standards Board

EFT: Electronic Funds Transfers.

FTE: Full-Time Equivalent.

GAAP: Generally Accepted Accounting Principles.

HNWIs: High-Net-Worth Individuals

HDFC: Housing Development Finance Corporation.

HR: Human Resources.

ICICI: Industrial Credit and Investment Corporation of India.

IASB: International Accounting Standards Board.
IFRS: International Financial Reporting Standards.
IBM: International Business Machines.
IQD: Iraqi Dinar.
ISX: Iraqi Stock Exchange
IT: Information Technology
KPI: Key Performance Indicator.
LLP: Loan Loss Provision Ratio.
LAR: Loan Asset Ratio.
LCR: Liquidity Coverage Ratio.
LGs: Local Governments.
MFIs: Monetary Financial Institutions
NIM: Net Interest Margin.
NPL: Non-Performing Loan Ratio.
OMOs: Open Market Operations.
OCF: Operating Cash Flow Ratio.
PPE: Property, Plant, and Equipment.
PLCs: Programmable Logic Controllers.
P/B: Price-to-Book.
P/E: Price-To-Earnings Ratio.
ROA: Return On Assets.
ROE: Return On Equity.
ROS: Return On Sales.
RAR: Risk Asset Ratio
SG&A: Selling, General and Administrative Ratio.
SMEs: Small and Medium-sized Enterprises.
SPSS: Statistical Package for Social Sciences
UHNWIs: Ultra High-Net-Worth Individuals.
UK: The United Kingdoms.
US: The United States of America.

INTRODUCTION

This study examines how financial metrics influence the accuracy and reliability of financial statements in the private banking industry of Northern Iraq. In recent times, ensuring the stability and transparency of financial institutions has become increasingly crucial within the region's economic context. Given the pivotal position of private banks in molding the financial domain, comprehending the correlation between essential financial metrics and the fidelity of financial reports holds paramount significance for regulatory bodies and vested stakeholders.

The research employs a mixed-method approach, combining quantitative analysis of financial data and assessments of accounting practices. A comprehensive dataset spanning multiple years is collected from a sample of private banks operating in Northern Iraq. Various financial indicators, (liquidity ratios, profitability measures, asset quality metrics, and capital adequacy ratios) are examined to gauge their influence on the accuracy, reliability, and completeness of accounting reports.

Findings from this research are expected to shed light on the specific financial indicators that significantly affect the quality of accounting reports in private banks in Northern Iraq. The research aims to contribute valuable insights to banking practitioners, regulatory authorities, and academic scholars, facilitating a better understanding of the factors that underpin financial reporting in this crucial sector. Ultimately, enhancing the transparency and reliability of accounting reports can bolster investor confidence and foster a more stable and resilient banking environment in the region (Teurlings & Stauff, 2014, p.7).

The banking sector is a cornerstone of economic stability, facilitating financial transactions, encouraging investments, and nurturing economic progress. Over recent years, Northern Iraq's banking industry has undergone notable transformations, notably with the ascension of private banks as pivotal entities in the financial realm. As these private banks expand and play a substantial role in the region's economic advancement, the precision and dependability of their financial reporting become pivotal for maintaining trust and transparency within the financial system (Khatkhate, 1991, p.67) and (Gorton & Winton, 2003, p.434).

The financial landscape of any economy is intricately linked to the Stability and Growth of its banking sector. In recent years, the banking industry in Northern Iraq has undergone significant transformations, with private banks emerging as key players in the financial ecosystem. As private banks gain prominence, the accuracy and Reliability of their financial reporting become paramount. This section delves into the contextual background that underpins the research, shedding light on the evolution of private banks in Northern Iraq and the crucial role of financial indicators in shaping the quality of their accounting reports (Bananuka et. al., 2022, p.851) and (Karahan & Kuzu, 2014, p.8).

First: Evolution of Private Banks in Northern Iraq: The post-conflict era witnessed a rapid expansion of private banks in Northern Iraq, signifying the region's commitment to economic revitalization and financial modernization. These private banks, often rooted in local entrepreneurship, have brought dynamism and diversity to the banking landscape. As they attract deposits, offer credit, and facilitate economic transactions, their financial health becomes pivotal for maintaining Economic Stability and investor confidence.

Second: Importance of Accounting Reports: Accounting reports serve as the primary means of communicating financial information to stakeholders, including shareholders, regulators, investors, and the public. The quality of these reports, characterized by their accuracy, transparency, and adherence to accounting standards, directly influences stakeholders' perceptions and decisions. Robust accounting reports foster trust, facilitate effective decision-making, and ensure accountability within financial institutions. (Legenzova, 2016, p.34)

Third: Role of Financial Indicators: Financial indicators, encompassing a range of indicators, (liquidity ratios, profitability measures, and capital adequacy ratios), are key instruments for evaluating the financial health of banks. These indicators provide insights into a bank's ability to manage risk (Abusharba, 2013, p.161) and (Sukmadewi, 2020, p.7) , generate profits, and maintain sufficient capital buffers. As private banks navigate the intricate challenges of a changing financial landscape, understanding the relationships between financial indicators and accounting report quality is imperative for informed decision-making and long-term sustainability.

Fourth: Research Gap and Rationale: Despite the growing significance of private banks in Northern Iraq's banking sector, there exists a gap in the literature regarding the specific impact of financial indicators on the quality of their accounting reports. While international best practices and standards are relevant, the unique context of this region demands a closer examination of how financial indicators interact with accounting report quality. This research seeks to address this gap by providing empirical insights that contribute to the understanding of these dynamics within the context of private banks in Northern Iraq.

In conclusion, the background of the research underscores the evolving nature of the banking sector in Northern Iraq and the critical role of accurate accounting reports for private banks' functioning and stakeholder interactions. By investigating the relationship between financial indicators and accounting report quality, this research aims to enrich the knowledge base surrounding financial reporting practices in the region and offer insights that can inform decision-makers, regulators, and researchers alike.

CHAPTER 1: FINANCIAL INDICATORS, THE QUALITY OF ACCOUNTING REPORTS

In the intricate world of finance and accounting, the ability to accurately interpret financial indicators and assess the quality of accounting reports is indispensable for stakeholders across the spectrum. Chapter 1 lays the foundation for understanding these critical aspects by dissecting the multifaceted nature of financial indicators and delving into the essence of quality in financial reporting. This exploration is designed to equip readers with the analytical tools necessary to gauge the financial health of entities and the reliability of their financial information.

We initiate our journey with a comprehensive analysis of financial indicators, segmenting them into categories that collectively offers a panoramic view of an organization's financial performance and position. By examining liquidity ratios, we assess an entity's capacity to meet its short-term obligations, a critical measure of financial stability. Leverage ratios provide insights into the degree of an entity's financial leverage, reflecting its dependency on debt financing. Efficiency ratios reveal the effectiveness with which an organization utilizes its resources, whereas market value ratios offer a window into the market's perception of the entity's value.

Transitioning to the quality of accounting reports, we delve into the concept of quality financial reporting, unraveling its significance for ensuring transparency, accountability, and informed decision-making. The importance of high-quality financial reporting cannot be overstated, as it underpins the trust and confidence of investors, creditors, and other stakeholders in the financial information presented. Through an exploration of the objectives of financial reporting quality, we illuminate the aspirations to achieve accuracy, completeness, and relevance in financial disclosures.

Further, we scrutinize the factors influencing the quality of financial reports, acknowledging both the internal controls and external pressures that shape reporting outcomes. The discussion extends to the types of quality in financial reports, offering a nuanced understanding of the benchmarks for excellence in financial reporting.

This chapter serves not only as an educational foray into the realms of financial analysis and accounting standards but also as a practical guide for applying these concepts in

real-world scenarios. Through the lens of financial indicators and reporting quality, readers are invited to develop a critical perspective on financial information, fostering a deep appreciation for the intricacies of financial reporting and analysis.

1.1. FINANCIAL INDICATORS

In the realm of financial analysis, the significance of financial indicators cannot be overstated. These indicators, serving as the compass guiding stakeholders through the economic landscape, illuminate the path to understanding an organization's financial health, performance, and long-term viability. Section 1.1 is devoted to unpacking these vital metrics, offering readers a deep dive into the essence and application of financial indicators. This section aims to demystify the complex world of financial metrics and render it accessible to both novices and seasoned analysts alike.

The embark on this journey by dissecting financial indicators into four principal categories: liquidity, leverage, efficiency, and market value ratios. Each category serves a distinct purpose and provides unique insights into different facets of a company's financial state.

Liquidity Ratios are the first port of call, offering a snapshot of a company's ability to meet its short-term obligations. This liquidity perspective is crucial for assessing the immediate financial health of an entity.

Leverage Ratios follow, shedding light on a company's use of debt and its ability to manage financial leverage. Understanding leverage is key to gauging the risk and capital structure of a business.

Efficiency Ratios reveal how effectively a company utilizes its assets and manages its operations, offering a lens through which to view operational performance and resource utilization.

Market Value Ratios provide a bridge to the investment community, reflecting how the market perceives the value of the company and its prospects.

This section not only aims to elucidate the technical aspects of these ratios but also strives to contextualize their relevance in the broader economic and business environment. By the end of this section, readers will have gained a comprehensive understanding of

financial indicators, equipped with the knowledge to apply these metrics in evaluating and comparing the financial health of different organizations.

In navigating the complexities of financial indicators, this section serves as both a foundational primer and a practical guide, ensuring that readers are prepared to engage with financial data in a meaningful and insightful manner.

1.1.1. Liquidity Ratios

Liquidity ratios, a fundamental component of financial analysis, serve as the microscope through which the immediate financial health of an organization is examined. This section, dedicated to liquidity ratios, aims to guide readers through the intricate process of assessing a company's ability to meet its short-term liabilities with its short-term assets. The essence of liquidity analysis lies in understanding the balance between accessibility and sufficiency of resources to cover upcoming obligations, a critical aspect for stakeholders interested in the operational continuity and financial stability of an entity.

In the exploration of liquidity ratios, the dissect key metrics such as the Current Ratio and the Quick Ratio (also known as the Acid-Test Ratio), each offering a distinct perspective on liquidity. The Current Ratio provides a broad view of liquidity by comparing current assets to current liabilities, reflecting a company's capacity to satisfy short-term obligations with its short-term assets. In contrast, the Quick Ratio offers a more stringent measure by excluding inventory from current assets, focusing on the most liquid assets' ability to cover current liabilities.

This section is designed to equip readers with the analytical skills to interpret these ratios, understand their implications, and apply them in real-world scenarios. Through a detailed examination of liquidity ratios, readers will gain insights into the operational efficiency and financial strategy of a company, including how effectively it manages its working capital and responds to financial stress.

Moreover, delve into the nuances that influence liquidity ratios, such as industry standards, seasonal fluctuations, and economic cycles, providing a comprehensive framework for evaluating these metrics within context. By the end of this section, readers will not only appreciate the importance of liquidity ratios in financial analysis but also

possess the knowledge to leverage these insights in making informed decisions about investments, credit, and the financial health of organizations.

First: Liquidity Coverage Ratio (LCR): By contrasting predicted cash withdrawals during a stress scenario with high-quality liquid assets, LCR evaluates a bank's capacity to satisfy short-term liquidity needs. In times of financial crisis, it is crucial for preserving stability.

Second: Loan-to-Asset Ratio: This ratio gives information about a bank's liquidity condition by comparing loans to total assets. Elevated loan-to-asset ratio could be a sign of reduced liquidity. (Broto, 2016, p.18).

Third: Current Ratio: The ratio described is the current ratio, which assesses a company's short-term liquidity by comparing its current assets to its current liabilities. Current assets include cash, accounts receivable, and inventory that can be converted into cash within a year, while current liabilities encompass obligations due within the same timeframe, such as accounts payable. If a company's current ratio is less than 1, it suggests that it may lack sufficient current assets to meet its short-term liabilities, indicating potential liquidity issues (Vibhakar et. al., 2020, p.71). The formula is as below:

$\text{Current ratio} = \text{Current assets} / \text{Current liabilities}$

Fourth: Working Capital: The liquidity measure of working capital is commonly assessed alongside the current ratio, which evaluates the relationship between current assets and current liabilities (Smith, 1973, p.52). While the current ratio is expressed as a ratio, working capital is calculated in currency terms, representing the difference between current assets and current liabilities. Low working capital may indicate challenges in meeting financial obligations, while excessively high working capital could signify inefficient asset utilization (Nurhidayat et. al., 2023, p.29). The formula for working capital is:

$\text{Working capital} = \text{Current assets} - \text{Current liabilities}$

Fifth: Quick Ratio: The quick ratio, also known as the acid test ratio, is a liquidity risk Key Performance Indicator (KPI) used to assess a company's capacity to meet short-term liabilities by converting quick assets into cash. Quick assets comprise liquid assets that can swiftly be converted into cash without significant loss of value. This ratio reflects a company's financial robustness and its ability to promptly generate cash to settle debts during

cash flow challenges. Typically, companies aim for a quick ratio greater than 1, indicating a healthy liquidity position (Stice, 2017, p.49). The formula for quick ratio is:

Quick ratio = Quick assets / Current liabilities

Sixth: Accounts Payable (AP) Turnover: Accounts Payable Turnover Ratio is a liquidity metric that assesses how efficiently a company settles its debts with suppliers over a specified period, typically a year. This ratio is calculated by dividing the total purchases by the average accounts payable balance. A higher ratio indicates that the company is paying its bills more promptly, reflecting effective cash flow management (Burnie & de Ridder, 2023, p.301). The formula is:

Accounts payable turnover = Net Credit Purchases / Average accounts payable balance for period

Seventh: Bank Efficiency Ratio: This is the ratio by which financial institutions compare their operating expenses to their net revenues. In this situation, the lower the ratio, the more efficient the bank or financial institution is at making revenues (Moeen et. al., 2021, p.545). Here is the ratio for evaluating bank efficiency:

Bank efficiency ratio = operating expenses / net revenues

Eighth: Operating Cash Flow Ratio (OCF): The liquidity ratio described is known as the Operating Cash Flow Ratio. It evaluates a company's ability to utilize cash generated from its core operations to meet short-term financial obligations. This ratio is calculated by dividing operating cash flow (OCF) by current liabilities. OCF represents the cash generated from a company's ongoing operations and is derived from the cash flow statement, focusing solely on cash transactions rather than non-cash items. By excluding non-cash operational expenses, such as depreciation, OCF provides a clearer picture of a company's liquidity position, specifically its ability to cover short-term debts using cash generated from its primary business activities (Stice, 2017, p.47). The formula for operating cash flow is:

Operating cash flow ratio = Operating cash flow / Current liabilities

1.1.2. Leverage Ratios

Leverage ratios are financial metrics used to evaluate a company's level of debt relative to its equity or assets. These ratios provide insight into a company's financial risk and its ability to meet its debt obligations. Some common leverage ratios include:

First: Debt-to-Equity Ratio (D/E): This ratio compares a company's total debt to its total equity. A higher D/E ratio indicates that the company is more reliant on debt financing, which can increase financial risk:

$$\text{Debt-to-Equity Ratio (D/E)} = \text{Total Debt} / \text{Total Equity}$$

Second: Debt-to-Assets Ratio: The debt-to-assets ratio measures the percentage of a company's assets that are financed by debt. A higher debt-to-assets ratio indicates that the company relies more on debt financing to fund its operations and investments, which can signify higher financial risk.

$$\text{Debt-to-Assets Ratio} = \text{Total Debt} / \text{Total Assets}$$

Third: Debt-to-Capital Ratio: This ratio is similar to the debt-to-equity ratio but includes both debt and equity in the calculation of total capital. It provides a broader view of a company's capital structure.

$$\text{Debt-to-Capital Ratio} = \text{Total Debt} / (\text{Total Debt} + \text{Total Equity})$$

Fourth: Interest Coverage Ratio: The interest coverage ratio assesses a company's capability to fulfill its interest obligations using its earnings before interest and taxes (EBIT). A higher interest coverage ratio signifies that the company generates sufficient earnings to comfortably cover its interest expenses, suggesting a lower risk of default on its debt obligations.

$$\text{Interest Coverage Ratio} = \text{EBIT} / \text{Interest Expense}$$

Fifth: Financial Leverage Ratio: The ratio that measures the extent to which a company uses debt to finance its assets is the debt-to-equity ratio. It compares a company's return on equity (ROE) to its return on assets (ROA).

$$\text{Financial Leverage Ratio} = \text{ROE} / \text{ROA}$$

1.1.3. Efficiency Ratios

Efficiency ratios stand as a testament to a company's operational performance, revealing the effectiveness with which it manages and utilizes its assets and liabilities to

generate sales and maximize profits. This section is devoted to unraveling the complexities of efficiency ratios, aiming to provide readers with a comprehensive understanding of how these ratios serve as critical indicators of a company's operational health and productivity.

By delving into efficiency ratios, the embark on an analytical journey to explore various metrics that measure the efficiency of resource utilization, including the Inventory Turnover Ratio, Accounts Receivable Turnover Ratio, and Asset Turnover Ratio, among others. Each of these ratios provides a unique lens through which the operational efficiency of a business can be assessed, offering insights into how well a company manages its inventory, collects receivables, and employs its assets to generate revenue.

Inventory Turnover Ratio evaluates how efficiently a company manages its inventory levels and translates stock into sales, a crucial factor for minimizing holding costs and maximizing liquidity.

Accounts Receivable Turnover Ratio measures the speed at which a company collects on its outstanding credit, indicating the effectiveness of its credit policies and cash collection processes.

Asset Turnover Ratio reflects how efficiently a company uses its assets to produce revenue, highlighting the effectiveness of its overall operational management.

This section not only aims to elucidate the calculation and interpretation of these ratios but also seeks to contextualize their importance within the broader scope of financial analysis and strategic management. Through the lens of efficiency ratios, readers will gain insights into the operational strategies of companies, understanding how effective management of resources contributes to operational excellence and competitive advantage.

Moreover, the address the nuances that influence the interpretation of efficiency ratios, including industry benchmarks, company size, and market conditions, providing a nuanced perspective on evaluating operational efficiency. By the conclusion of this section, readers will be equipped with the analytical tools necessary to assess a company's operational efficiency, enabling them to make informed decisions regarding investment, management, and strategic planning.

First: Cost-to-Income Ratio: This ratio compares a bank's operational expenses to its total revenue to determine how efficient its operations are. Greater efficiency can be indicated by a lower cost-to-income ratio.

Second: Loan-to-Deposit Ratio: This ratio evaluates how well a bank can use deposits from customers to fund loans. An elevated loan-to-deposit ratio could suggest that a bank is dependent on outside funding sources. (Clair, 1992, p.11).

Third: Risk Indicators: These indicators assess various financial risks a company faces. examples include:

- a. **Beta Coefficient:** Measures a stock's sensitivity to market fluctuations.
- b. **Credit Rating:** Reflects a company's creditworthiness and risk of default.(Sparrow et. al., 2012, p.822)

Fourth: Asset Quality Indicators:

- a. **Non-Performing Loan (NPL) Ratio:** The non-performing loan ratio (NPL ratio) compares non-performing loans (those in default or at risk of default) to total loans in order to evaluate the quality of a bank's loan portfolio. A greater NPL ratio may indicate a credit risk.(Khairi et. al., 2021, p.365)
- b. **Loan Loss Provision (LLP) Ratio:** The suitability of a bank's provisions for possible loan losses is gauged by the LLP ratio. It aids in evaluating the bank's risk-reduction strategies.(Ozili & Outa, 2017, p.147)

Fifth: Capital Adequacy Indicators:

- a. **Capital Adequacy Ratio (CAR):** (CAR) calculates the ratio of a bank's risk-weighted assets to its capital, which includes equity. Minimum CAR standards are imposed by regulators to guarantee banks' ability to sustain losses.(Abusharba, 2013, p.167)
- b. **Tier 1 Capital Ratio:** One of the main parts of CAR is Tier 1 capital, which consists of preferred stock and common equity. Better capital sufficiency is indicated by a higher Tier 1 capital ratio.(Bananuka et. al., 2022, p.887)

Sixth: Current Accounts Receivable (AR) Ratio: The indicator described is known as the accounts receivable turnover ratio. It measures how efficiently a company collects payments from its customers. The formula for calculating this ratio is to divide the net credit sales by the average accounts receivable A higher ratio indicates that customers are paying

their invoices promptly, which is generally considered favorable as it reflects fewer overdue invoices (Younes et. al., 2015, p.414). The low accounts receivable turnover ratio indicates that the company faces challenges in collecting payments from customers promptly. This difficulty in collecting payments may lead to cash flow problems in the future, as it suggests that the company's outstanding invoices remain unpaid for a longer period. Monitoring this ratio can serve as an early warning sign for potential cash flow difficulties, prompting the company to take proactive measures such as improving credit collection processes or reassessing credit (Setiany, 2021, p.67). The formula will be:

$$\text{Current accounts receivable} = (\text{Total accounts receivable} - \text{Past due accounts receivable}) / \text{Total accounts receivable}$$

Seventh: Current Accounts Payable (AP) Ratio: The indicator referred to here is known as the "timeliness of bill payments" or "days payable outstanding (DPO)". It assesses how promptly a company settles its bills with suppliers. A higher DPO ratio indicates that the company pays its bills within the agreed-upon terms, reflecting good financial management. While maintaining a higher DPO can help manage cash flow challenges by extending payment periods, it may strain supplier relationships if they expect faster payment terms. This could potentially lead to suppliers offering less favorable credit terms in the future (Ikechukwu & Nwakaego, 2015, p.18). The formula for current account payable is:

$$\text{Current accounts payable} = (\text{Total accounts payable} - \text{Past due accounts receivable}) / \text{Total accounts receivable}$$

Eighth: Average Invoice Processing Cost: This efficiency indicator is commonly referred to as the "cost per invoice" in the context of accounts payable (AP) processes. It quantifies the average expenditure associated with processing each invoice owed to suppliers. This cost typically encompasses various components such as labor, bank charges, system expenses, management fees, and postage. The level of AP automation and the decision to outsource can significantly impact this metric. A lower cost per invoice reflects a more efficient AP process, as it indicates that the organization is managing its accounts payable operations at a reduced (Younes et. al., 2015, p.432). The formula is:

$$\text{Average invoice processing cost} = \text{Total accounts payable processing costs} / \text{Number of invoices processed for period}$$

Ninth: Days Payable Outstanding (DPO): This metric is known as the "Accounts Payable Days" or "Days Payable Outstanding (DPO)." It assesses how long, on average, a company takes to pay its suppliers after receiving goods or services. By converting the accounts payable turnover ratio into days, it provides insight into the efficiency of the company's payment process. A lower value indicates that the company is paying its bills more quickly, which can be advantageous in maintaining good relationships with suppliers and potentially negotiating better credit terms (Ikechukwu & Nwakaego, 2015, p.21). The formula for calculating days payable outstanding is:

$$\text{Days payable outstanding} = (\text{Accounts payable} \times 365 \text{ days}) / \text{COGS}$$

Tenth: Accounts Receivable (AR) Turnover: This metric is known as the "Accounts Receivable Turnover Ratio." It assesses how efficiently a company collects payments from its customers within a specific period, typically a year. Calculated by dividing net sales by the average accounts receivable balance, a higher ratio indicates that the company is converting its accounts receivable into cash more frequently, reflecting better efficiency in collecting payments from customers on time (Lü & Chen, 2021). The formula for this ratio is:

$$\text{Accounts receivable turnover} = \text{Sales on account} / \text{Average accounts receivable balance for period}$$

Eleventh: Days Sales Outstanding (DSO): Days Sales Outstanding (DSO) is a crucial metric for companies to assess the speed at which customers settle their invoices. It represents the average number of days required to collect payments from accounts receivable. Calculated by converting accounts receivable turnover indicators into average days, a lower DSO value indicates that customers are paying their invoices more promptly (Ishikawa et. al., 2010, p.7). The formula is:

$$\text{Day's sales outstanding} = 365 \text{ days} / \text{Accounts receivable turnover}$$

Twelfth: Inventory Turnover: The inventory turnover ratio quantifies the frequency at which the mean inventory undergoes sales and replenishment within a designated duration, often an annual period. A diminished ratio intimates the likelihood of surplus inventory or subdued sales activity, whereas an elevated ratio denotes adept inventory administration and buoyant sales performance. Nonetheless, an excessively escalated ratio may connote deficits

in inventory, impeding the organization's capacity to fulfill market demand and potentially diminishing avenues for sales generation (Ohager & Rapp, 1991, p.97). The formula for this ratio is:

Inventory turnover = COGS / Average inventory balance for period

Thirteenth: Day's Inventory Outstanding(DIO): The Days Inventory Outstanding (DIO) Key Performance Indicator (KPI) in inventory management provides insight into the speed at which a company's inventory is converted into sales. It calculates the average number of days required to sell inventory items, thereby converting inventory turnover indicators into a time-based metric. DIO is valuable for assessing the efficiency of inventory management processes and identifying areas for improvement in the supply chain and operations. It helps businesses optimize their inventory levels and enhance cash flow by minimizing the time inventory remains in stock before being sold (Sunjoko & Arilyn, 2016, p.79). The ratio's formula is:

Day's inventory outstanding = 365 days / Inventory turnover

Fourteenth: Cash Conversion Cycle: This indicator, known as the inventory turnover ratio, assesses the efficiency of converting inventory investment into cash received from customers. It accounts for the duration needed to sell inventory and subsequently collect payments from customers, providing insight into the effectiveness of inventory management and cash flow processes (Setiany, 2021, p.68). It is expressed in the number of days and the formula is as below:

Operating cycle = Day's inventory outstanding + Days sales outstanding

Fifteenth: Payroll Headcount Ratio: This indicator, known as HR Efficiency KPI, evaluates the productivity and efficiency of the HR team by measuring the number of full-time employees managed by each payroll or HR professional. It provides insights into the team's capacity to handle employee-related tasks effectively and efficiently (Sukmadewi, 2020, p.11). The calculation of full-time equivalent (FTE) is commonly determined based on the count of full-time employees (FTEs) within an organization. The formula for this ratio is:

Payroll headcount ratio = HR headcount / Total company headcount

Seventeenth: Asset Turnover: Asset turnover refers to the efficiency with which a company utilizes its assets to generate revenue or sales. It is calculated by dividing a company's net sales by its total or average assets. This ratio indicates how effectively a company is using its assets to generate sales. A higher asset turnover ratio typically indicates better efficiency in asset utilization, while a lower ratio may suggest inefficiency or underutilization of assets (Mayang & Noorlailie, 2018, p.18). This formula measures how efficiently a company utilizes its assets to generate sales revenue. A higher asset turnover ratio indicates better efficiency in asset utilization, while a lower ratio may suggest inefficiency in asset management) (Neelu et. al., 2020, p.86).

Sixteenth: Fixed Asset Turnover Ratio: This metric demonstrates the firm's proficiency in generating revenue from its investment in fixed assets. It holds significance, especially for enterprises heavily engaged in property, plant, and equipment (PPE) investments aimed at enhancing output and sales. A greater value signifies enhanced efficiency in utilizing these fixed assets. Computation involves dividing the total sales by the accrued net depreciation of sales, providing insight into the company's efficacy in converting fixed asset investments into sales revenue (Fairfield & Yohn, 2001, p.381). The formula is:

$$\text{Fixed asset turnover} = \text{Total sales} / \text{Average fixed assets}$$

1.1.4. Profitability Ratios

First: Gross Profit Margin: The gross profit margin, a key financial metric, plays a crucial role in assessing a company's profitability and operational efficiency. Calculated as a percentage, it involves dividing the gross profit by net sales. Gross profit, derived by subtracting the cost of goods sold (COGS) from net sales, represents the earnings retained after covering direct production costs. Expressing profit as a proportion of revenue facilitates comparative analysis with industry peers and enables longitudinal assessment of profit trends. (Beaverstock, 2010, p.19) ;(Neelu et. al., 2020, p.86); and (Mayang & Noorlailie, 2018, p.22). The following formula can be used to calculate gross profit margin:

$$\text{Gross profit margin} = (\text{Net sales} - \text{COGS}) / \text{Net sales} \times 100\%$$

Second; Return On Sales (ROS) /Operating Margin: Return on Sales (ROS), also known as operating margin, indicates the efficiency of a business in generating operating profit from its sales revenue. It is calculated by dividing operating income (EBIT) by net

sales income, representing the profit margin after deducting operating expenses and the cost of goods sold. ROS serves as a key metric to evaluate the effectiveness of converting revenue into profit, offering insights into the operational performance and financial health of a company (Chong and Mahfud, 2005, p.86). The formula for return on sales is:

$$\text{Return on sales} = (\text{Earnings before interest and taxes} / \text{Net sales}) \times 100\%$$

Third: Net Profit Margin: Return on Sales (ROS) serves as a comprehensive metric to assess a business's profitability by measuring its potential for profit after accounting for all costs. This calculation involves dividing net income, which represents the remaining profit after deducting all operating and non-operating expenses, including taxes, by revenue. Net income is considered a reliable measure of profitability as it encompasses all costs incurred by the business, providing a clear picture of its financial performance (Fairfield & Yohn, 2001, p.379). This metric is typically expressed as a percentage and the formula will be as follow:

$$\text{Net profit margin} = (\text{Net income} / \text{Revenue}) \times 100\%$$

Fourth: Gross Burn Rate: The burn rate is a key performance indicator that is typically employed by financially struggling businesses to gauge how quickly they are using their available funds to cover operating costs. The company will run out of cash faster if its burn rate is higher, unless it can raise additional capital or secure further financing. When evaluating funding, investors frequently take the company's overall burn rate into account. (Chorafas, 2011, p.87). The formula of gross burn rate is:

$$\text{Gross burn rate} = \text{Company cash} / \text{Monthly operating expenses}$$

Fifth: Selling, General and Administrative (SG&A) Ratio: The SG&A to sales ratio measures the efficiency of allocating sales revenue towards covering Selling, General, and Administrative (SG&A) expenses. These expenses encompass various operational costs such as rent, office supplies, marketing, advertising, and administrative staff compensation. A lower SG&A to sales ratio indicates that a smaller portion of revenue is being consumed by these expenses, which is generally preferable for businesses as it signifies better cost management and higher profitability (Ptok et. al., 2018, p.991). The formula is:

$$\text{SGA} = (\text{Selling} + \text{General} + \text{Administrative expense}) / \text{Net sales revenue}$$

Sixth: Interest Coverage: The interest coverage ratio is a financial metric used to assess a company's ability to meet interest payments on debt obligations such as bonds or loans. It computes the ratio of operating profit to interest expenses, with a higher ratio indicating the company's greater capacity to repay its debt obligations. This metric serves as a crucial long-term solvency indicator, providing insights into the company's financial health and its ability to manage debt effectively (Bacha and Ben Saad, 2021, p.141). The formula for this indicator is:

$$\text{Interest coverage} = \text{EBIT} / \text{Interest expense}$$

Seventh: Earnings Per Share (EPS): Earnings Per Share (EPS) represents the net income earned per share of a publicly listed company. It is a fundamental profitability metric evaluated both annually and quarterly. Analysts, investors, and potential buyers commonly rely on EPS as a primary indicator of a company's profitability and overall worth in the market. By assessing EPS, stakeholders can gauge the company's ability to generate profits relative to its outstanding shares, thus informing investment decisions and providing insights into its financial performance (Atidhira& Yustina, 2017, p.129). There are several ways to calculate this indicator, but the most common formula is:

$$\text{Earnings per share} = \text{Net income} / \text{Weighted average number of shares outstanding}$$

The weighted average refers to the average number of issued or available shares during a specific reporting period, considering changes due to stock splits, repurchases, etc. If earnings per share (EPS) are calculated based on the total outstanding shares at the reporting period's end, a company could potentially manipulate its performance by repurchasing shares near the end of the quarter, thereby reducing the denominator and artificially inflating EPS (Cole et. al., 1996, p.58).

Eighth: Return On Assets (ROA): This efficiency metric demonstrates how the operations management team makes use of its resources to generate revenue. All assets are taken into account, including current assets like inventory and accounts receivable besides, permanent assets. Interest charges are not included in ROA since the operations manager typically has no control over financing decisions. ROA demonstrates how well a business uses its resources to turn a profit. One of the best metrics for describing a company's financial success is this profitability measure. The division of net profit by total assets serves as the definition.

One important measure of a business's financial performance is return on assets(ROA), which demonstrates managerial effectiveness and capacity to generate profits from bank assets. A few research (Prabowo et. al., 2018, p.3). The ratio of this indicator is:

Return on assets = Net income / Total assets for period

Ninth: Return on Equity (ROE): assesses the yield on equity investments made by shareholders. The bank's profitability is evaluated by ROE in relation to the equity held by its shareholders. It is determined by dividing net income by shareholders' equity and offers information about the bank's capacity to produce profits for its owners. (Damodaran, 2007, p.87).

Eleventh: Net Interest Margin (NIM): As a proportion of its interest-earning assets, NIM calculates the difference between a bank's interest income and interest expenses. It shows how profitable the bank can make from its primary loan and deposit activities. (Puspitasari et. al., 2021, p.731).

Twelfth: Valuation Indicators: Valuation indicators help determine whether a company's stock is overvalued or undervalued in the market. Examples include:

- a. Price-to-Earnings (P/E) Ratio:*** Compares a company's stock price to its earnings per share (Freihat, 2019, p.21).
- b. Price-to-Book (P/B) Ratio:*** Compares a company's stock price to its book value per share (Atidhira & Yustina, 2017, p.132) and (Block, 1995, p.66).

Thirteenth: Risk-Adjusted Return: This indicator considers both returns and risks in assessing a bank's performance. It accounts for the level of risk associated with the bank's activities and the returns generated. (Liano & Sanchini, 2009, p.98)

1.1.5. Market Value Ratios

Tobin Q: Tobin Q is an economic theory of investment behavior that measures company performance. "Q" is the market value ratio of existing shares(equity) to the total cost of replacing physical assets (Moeen et. al., 2021, p.544). Tobin Q is a commonly employed metric in corporate governance studies to assess firm success. (Rivière, 2010, p.18). Alternatively, the company's capacity to maximize resource usage is thought to be comparable to its operational efficiency. This will motivate the business to provide premium products and services at reasonable prices, sustaining a large profit margin over time. (Ziolo

et. al., 2019, p.56). Operating performance is interpreted by the investment market as requiring investors to spend the fewest fees in order to realize large profits. As a result, operating performance can be defined as management's capacity to maximize shareholder wealth by raising the market value of stock prices through effective operating activities. (Ahmed, 2002, p.38).

A popular company performance metric in corporate governance studies is Tobin's Q. Operational performance, or efficiency, is a gauge of management's ability to generate money from sales and keep expenses under control. Managers use strategic planning and control to add value to the organization. (Tsegaye, 2017, p.19). It was noted that because management are more focused on their incentives—that is, raising profits per share and stock prices through underinvestment—the standardized valuation of the company is lower than that of the acquired company.(Umberto & Roberto, 2021, p.72). This The manager's actions are a result of their poor corporate governance, which is evident in their trenches and has quickly increased Tobin's Q. (Maryam et. al., 2019, p.430).

After some time, the net present value of the company as a whole, the replacement cost of tangible assets, and the valuation of stocks all started to decrease. Consequently, it becomes evident that expenses are higher and operational efficiency is worse, which is in opposition to Tobin's Q's ideal value. In this instance, a decrease in stock value is likewise unavoidable (Tamulevičienė & Androniceanu, 2020, p.1447), which shakes the confidence of shareholders. This reduces the value of Tobin's Q. Also, in the case of scale and cost rules, this means that when the output is increased to a level where the marginal profit is zero, Tobin's Q will also decrease, which again questioned Tobin's Q as a measure indicators of qualifying company performance (Ishaq et. al., 2021, p.18). The formula for calculating Tobin's Q is:

Tobin's Q = Market enterprise value (equity market value + liability market value) / Total asset replacement value

1.2.THE QUALITY OF ACCOUNTING REPORTS

The integrity of financial markets and the decision-making processes of investors, creditors, and other stakeholders fundamentally rely on the quality of accounting reports. This section is dedicated to exploring the multifaceted concept of quality in financial reporting, aiming to provide readers with a nuanced understanding of what constitutes high-quality accounting reports and why they are paramount for transparent, efficient, and fair financial markets.

Quality in accounting reports transcends mere accuracy of numbers; it embodies the principles of transparency, reliability, relevance, and comparability. These reports serve as a cornerstone for financial analysis, strategic decision-making, and regulatory compliance, making their quality a critical concern for entities and stakeholders alike.

The Concept of Quality Financial Reporting introduces readers to the foundational elements that define quality in the context of financial reports, establishing a framework for assessing report quality.

The Importance of Quality Financial Reporting delves into the pivotal role that high-quality financial reports play in ensuring investor confidence, promoting market efficiency, and facilitating economic decision-making.

Financial Reporting Quality Objectives outlines the goals that quality financial reporting aims to achieve, such as enhancing the transparency of financial information and supporting the accountability of management.

Factors Affecting the Quality of Financial Reports examines both internal and external influences that can impact the quality of financial reporting, including regulatory environments, corporate governance practices, and market pressures.

Types of Quality of Financial Reports categorizes the dimensions of quality, providing readers with a comprehensive understanding of the various aspects of reporting that contribute to overall quality, from accuracy and completeness to timeliness and understandability.

Through this section, the aim is not only to educate readers on the critical importance and characteristics of high-quality accounting reports but also to empower them with the knowledge to critically evaluate the quality of financial information presented to them. By

understanding the nuances of quality in financial reporting, stakeholders can better navigate the complexities of financial information, making more informed decisions and contributing to the integrity and efficiency of financial markets.

1.2.1. The Concept Of Quality Financial Reporting

Quality financial reporting refers to the process of preparing and presenting financial information in a manner that accurately and transparently reflects a company's financial performance and position. It encompasses several key principles and characteristics:

First: Accuracy and Reliability: Financial reports should provide information that is free from material errors and reflects the true economic substance of transactions. Reliable financial reporting ensures that users can make informed decisions based on the information presented (Vijayakumar, 2023, p.19).

Second: Transparency: Transparent financial reporting means that all relevant information, including significant accounting policies, assumptions, and methodologies, is disclosed in the financial statements and related footnotes. Transparency helps users understand the basis for financial reporting decisions and assess the risks and uncertainties inherent in the reported figures (Wilkinson, 1999, p.11).

Third: Completeness: Financial reports should include all necessary information to understand a company's financial performance and position fully. This includes comprehensive disclosures of assets, liabilities, equity, revenues, expenses, and cash flows, as well as any significant events or transactions that may impact the financial statements (Turner, 2020, p.5).

Fourth: Relevance: Financial information should indeed be tailored to meet the specific needs of various stakeholders, including investors, creditors, regulators, and other interested parties. Tailoring financial information to the needs of users ensures its relevance and usefulness in decision-making processes. For investors, relevant financial data allows them to make informed predictions about a company's future performance and assess its potential for growth or decline. Creditors rely on relevant financial information to evaluate a company's ability to repay debts and manage financial obligations effectively. Regulators utilize relevant financial data to ensure compliance with legal and regulatory requirements, promoting transparency and accountability within the financial system. Overall, providing

relevant financial information empowers stakeholders to evaluate past performance accurately and make informed assessments of a company's future prospects (Xia et. al., 2014, p.12).

Fifth: Timeliness: Timeliness in financial reporting plays a crucial role in ensuring that stakeholders receive relevant and accurate information promptly. This allows for informed decision-making and enhances transparency and accountability. Quality financial reporting is characterized by its ability to deliver information when it's needed, enabling stakeholders to assess the financial health of an organization and make timely strategic decisions. Additionally, timely reporting ensures that financial data remains relevant and actionable, contributing to the overall efficiency and effectiveness of decision-making processes. Therefore, timely financial reporting is integral to maintaining trust, facilitating effective decision-making, and ultimately driving business success (Reissenweber, 2012, p.21).

Sixth: Comparability: Financial reports play a crucial role in enabling users to assess a company's financial performance and position over time, as well as in comparison with other entities. Consistency in accounting policies, measurement methods, and presentation formats is essential for ensuring that financial information is comparable and facilitates meaningful analysis. By adhering to consistent standards and practices, stakeholders can effectively evaluate trends, identify areas of improvement, and make informed decisions regarding investment, lending, and strategic planning (Mahrani and Soewarno, 2018, p.29).

Seventh: Understandability: Financial reports should be presented in a clear and understandable manner, using language and formats that are accessible to users with varying levels of financial knowledge. Clear communication enhances the effectiveness of financial reporting and helps users interpret the information accurately (Jaffar et. al., 2007, p.19).

1.2.2. The Importance Of Quality Financial Reporting

Quality financial reporting plays a crucial role in the functioning of financial markets and the overall economy. Its importance stems from several key factors:

First: Investor Confidence: Quality financial reporting is crucial for fostering trust and confidence among investors. By offering accurate, transparent, and reliable information about a company's financial performance and position, financial reports enable investors to

make well-informed investment decisions. Investors rely on these reports to assess the risks and potential returns associated with their investments, helping them navigate the complexities of the financial markets with greater clarity and confidence (Mihaela et. al., 2023, p.28).

Second: Capital Allocation: Financial markets depend on quality financial reporting to allocate capital efficiently. Investors allocate capital to companies based on their assessment of the companies' financial health and prospects. Reliable financial information enables investors to allocate capital to companies that offer the most promising investment opportunities, thereby promoting economic growth and development (Vijayakumar, 2023, p.19).

Third: Creditworthiness Assessment: Lenders and creditors utilize financial reports to assess a company's creditworthiness and its capacity to fulfill debt obligations. Quality financial reporting offers creditors insights into a company's financial position, cash flows, and debt levels, aiding in the evaluation of lending risks (Griffiths, 2020, p.14).

Fourth: Regulatory Compliance: Companies are mandated to adhere to specific financial reporting standards and regulations, which include Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS), depending on their jurisdiction. Quality financial reporting ensures that companies meet these regulatory requirements, which helps maintain the integrity and transparency of financial markets (Davies & Green, 2013, p.38).

Fifth: Corporate Governance and Accountability: Quality financial reporting is essential for promoting good corporate governance and accountability. Transparent financial reporting enables shareholders and other stakeholders to hold company management accountable for their actions and decisions. It also facilitates effective oversight by boards of directors and regulatory authorities, ensuring that companies operate in the best interests of their stakeholders (Chao et. al., 2007, p.45).

Sixth: Risk Management: Quality financial reporting serves as a crucial tool for evaluating and addressing a spectrum of risks, encompassing financial, operational, and strategic domains. These reports furnish timely and precise insights into a company's

financial health and standing, enabling management to discern potential risks and implement targeted strategies for risk mitigation (Bonazzi & Iotti, 2014, p.58).

Seventh: Stakeholder Communication: Financial reports serve as a key communication tool for companies to communicate with their shareholders, investors, creditors, employees, and other stakeholders. Quality financial reporting facilitates effective communication by providing clear, concise, and understandable information about a company's financial performance, strategy, and prospects (Bananuka et. al., 2022, p.27).

1.2.3. Financial Reporting Quality Objectives

The objectives of financial reporting quality encompass several key goals aimed at ensuring that financial information is accurate, transparent, relevant, and reliable. Some of the primary objectives include:

First: Accuracy and Reliability: The primary objective of financial reporting quality is to guarantee the faithful representation of a company's financial position, performance, and cash flows through accurate and reliable financial statements. Such information should be devoid of material errors and faithfully reflect the economic substance of transactions and events (Reissenweber, 2012, p.24).

Second: Transparency and Disclosure: Financial reporting quality aims to promote transparency by providing users with comprehensive and relevant information about a company's financial affairs. This includes disclosing significant accounting policies, assumptions, estimates, and methodologies, as well as any potential risks, uncertainties, and contingent liabilities that may impact the financial statements (Mihaela et. al., 2023, p.32).

Third: Comparability and Consistency: Financial reporting quality seeks to enhance comparability and consistency in financial reporting by using consistent accounting policies, measurement methods, and presentation formats. Consistent reporting practices enable users to compare a company's financial performance and position over time and with other entities, facilitating meaningful analysis and decision-making (Chao et. al., 2007, p.47).

Fourth: Relevance and Timeliness: Quality financial reporting strives to provide information that is relevant and timely for users' decision-making needs. Relevant financial information helps users make predictions, evaluate past performance, and assess the

company's future prospects. Timely reporting ensures that financial information is available promptly, enabling users to make decisions in a timely manner (Bananuka et. al., 2022, p.29).

Fifth: Understandability and Clarity: Financial reporting quality aims to present financial information in a clear, concise, and understandable manner, using language and formats that are accessible to users with varying levels of financial knowledge. Clear communication enhances the effectiveness of financial reporting and helps users interpret the information accurately (Wilkinson, 1999, p.15).

Sixth: Compliance with Regulatory Standards: Financial reporting quality objectives include ensuring compliance with applicable accounting standards, regulations, and legal requirements. Compliance with regulatory standards helps maintain the integrity and credibility of financial information and promotes consistency and comparability across companies and industries (Vijayakumar, 2023, p.23).

Seventh: Enhanced Stakeholder Confidence: Ultimately, the overarching objective of financial reporting quality is to enhance stakeholder confidence in the reliability, transparency, and integrity of financial information. Quality financial reporting fosters trust between companies and their shareholders, investors, creditors, regulators, and other stakeholders, contributing to the efficient functioning of financial markets and the overall economy (Xia et. al., 2014, p.16).

1.2.4. Factors Affecting The Quality Of Financial Reports

Several factors can affect the quality of financial reports produced by a company. These factors can influence the accuracy, reliability, transparency, and relevance of the financial information presented. Some of the key factors include:

First: Management Integrity and Ethical Standards: The ethical standards and integrity of a company's management play a crucial role in financial reporting quality. Management's commitment to transparency, honesty, and fair representation of financial information influences the accuracy and reliability of financial reports (Mahrani and Soewarno, 2018, p.34).

Second: Competence and Experience of Financial Reporting Team: The competence, expertise, and experience of the individuals responsible for preparing and auditing financial reports are critical factors affecting quality. Well-trained and

knowledgeable accounting professionals are more likely to produce accurate and reliable financial statements that comply with relevant accounting standards and regulations (Davies & Green, 2013, p.44).

Third: Internal Controls and Governance: The effectiveness of a company's internal controls and governance structures significantly impacts financial reporting quality. Strong internal controls help ensure the accuracy and reliability of financial information by preventing errors, fraud, and misstatements. Robust governance practices promote transparency, accountability, and adherence to ethical standards in financial reporting (Jaffar et. al., 2007, p.21).

Fourth: Accounting Policies and Estimates: The selection and application of accounting policies and estimates can affect the quality of financial reports. Companies must use consistent and appropriate accounting policies and make reasonable estimates for items, (revenue recognition, asset valuation, and provision for doubtful debts). Changes in accounting policies or significant estimation uncertainties should be disclosed transparently to users (Griffiths, 2020, p.18).

Fifth: Complexity and Nature of Business Operations: The complexity and nature of a company's business operations can impact financial reporting quality. Companies operating in diverse industries or with complex business models may face challenges in accurately measuring and reporting financial performance, assets, and liabilities. Transparent disclosures are essential to help users understand the unique aspects of the company's operations and their implications for financial reporting (Bonazzi & Iotti, 2014, p.63).

Sixth: Regulatory Environment and Compliance Requirements: The regulatory environment and compliance requirements in the jurisdiction where a company operates can affect financial reporting quality. Companies must comply with applicable accounting standards (e.g., GAAP or IFRS), regulations, and legal requirements. Changes in regulatory standards or reporting requirements may necessitate adjustments to financial reporting practices (Wilkinson, 1999, p.18).

Seventh: Information Technology Infrastructure: The quality and reliability of a company's information technology (IT) infrastructure and financial reporting systems can influence the accuracy and timeliness of financial reporting. Robust IT systems with adequate

controls and security measures help ensure the integrity and availability of financial data, reducing the risk of errors and unauthorized access (Bonazzi & Iotti, 2014, p.64).

Eighth: Market Pressures and Incentives: Market pressures, (investor expectations, competition, and access to capital), can influence financial reporting quality. Companies may face incentives to manage earnings or manipulate financial results to meet market expectations or achieve specific performance targets. Management's focus on short-term financial goals may conflict with the long-term interests of stakeholders and impact reporting quality (Griffiths, 2020, p.22).

Ninth: External Audit and Oversight: The quality and independence of external audit services and oversight mechanisms, (regulatory agencies and professional accounting bodies), can enhance financial reporting quality. Independent audits provide assurance on the reliability and fairness of financial statements and help identify and address potential errors or irregularities (Xia et. al., 2014, p.12, p.19).

1.2.5. Types Of Quality Of Financial Reports

When discussing the quality of financial reports, it's helpful to consider different aspects or dimensions that contribute to overall quality. Here are some types or dimensions of financial reporting quality:

First: Accuracy: Accuracy is fundamental across diverse domains, ensuring data, information, measurements, and communication align with truth and precision. In critical fields like science, mathematics, and engineering, accuracy is paramount for reliability. Similarly, in finance, accurate financial statements are imperative, reflecting a company's true financial state without material errors, omissions, or misstatements. Precision in financial reporting is vital to maintain credibility and facilitate informed decision-making. Therefore, financial reports must be meticulously prepared to uphold accuracy and prevent any misleading information (Griffiths, 2020, p.21).

Second: Reliability: Reliability relates to the trustworthiness and consistency of financial information. Reliable financial reports are prepared using sound accounting principles and methods, supported by sufficient evidence and documentation. Users can depend on reliable financial reports to make informed decisions and assessments about a company's financial health and prospects (Mahrani and Soewarno, 2018, p.32).

Third: Transparency: Transparency in corporate governance is essential for maintaining accountability, trustworthiness, and ethical conduct within a company. It involves making information readily available regarding operations, decision-making processes, financial performance, and adherence to laws and regulations. Transparent financial reporting ensures that detailed and comprehensive information about a company's financial activities is provided, aiding investors and analysts in assessing risks and opportunities associated with the company. Overall, transparency fosters confidence among stakeholders and facilitates informed decision-making (Reissenweber, 2012, p.26).

Fourth: Relevance: Relevance pertains to the usefulness and significance of financial information for users' decision-making needs. Relevant financial reports provide timely, insightful, and actionable information that helps users assess a company's performance, evaluate its prospects, and allocate resources effectively. Relevant information is tailored to the specific needs and interests of users, (investors, creditors, regulators, and other stakeholders) (Chao et. al., 2007, p.56).

Fifth: Comparability: Comparability in financial reporting allows for the effective comparison of financial information among various entities, timeframes, and sectors. By maintaining consistency in accounting policies, measurement techniques, and presentation styles, comparable financial reports facilitate the identification of trends, patterns, and disparities in financial performance and position. This uniformity enhances the usefulness of financial data for benchmarking, analysis, and decision-making endeavors (Mihaela et. al., 2023, p.41).

Sixth: Consistency: Consistency relates to the uniformity and stability of financial reporting practices over time. Consistent financial reports maintain continuity in accounting policies, measurement techniques, and reporting formats from one period to another, facilitating meaningful comparisons and analysis of financial performance and trends. Consistency helps users understand changes in a company's financial position and performance accurately (Chao et. al., 2007, p.49).

Seventh: Understandability: Understandability refers to the clarity and accessibility of financial information for users with varying levels of financial knowledge and expertise. Financial reports should be presented in a clear, concise, and user-friendly manner, using

language and formats that are easily comprehensible. Understandable financial reports enable users to interpret and analyze the information accurately, promoting effective decision-making(Xia et. al., 2014, p.25).



CHAPTER 2: THE BANKING SECTOR IN IRAQ

The banking sector, also known as the financial sector, is a critical component of any economy. It plays a fundamental role in facilitating the flow of funds and the allocation of Capital, thereby contributing to Economic Growth and Stability (Băbeanu & Băbeanu, 1998).

In this chapter, delve into the intricate world of the banking sector in Iraq, a pivotal component in the country's journey towards economic recovery and growth. The financial landscape of Iraq, marked by its unique challenges and opportunities, serves as a critical foundation for understanding the broader economic and monetary dynamics at play. Through a detailed exploration of the banking sector, this chapter aims to provide readers with comprehensive insights into the mechanisms of financial intermediation, the diversity of banking institutions, and the array of services they offer.

The examining role of financial intermediation in mobilizing and allocating resources efficiently across the economy, highlighting its significance in fostering economic development. A closer look at the different types of banks, including commercial, Islamic, and specialized financial institutions, reveals the varied banking landscape that caters to the multifaceted needs of individuals, businesses, and the government. The discussion then extends to the banking services offered in Iraq, emphasizing how these services facilitate business operations, personal finance management, and international trade. The economic importance of the banking sector is underscored, noting its contribution to financial stability, investment, and growth. The critical aspects of regulation and oversight that ensure the integrity and robustness of the banking system. A pivotal section of the chapter focuses on the banking sector's role in monetary policy in Iraq, illustrating how banks are instrumental in the implementation of policies aimed at controlling inflation, stabilizing the currency, and promoting sustainable economic growth. The challenges and risks facing the banking sector, including those related to political instability, security concerns, and technological adoption, are critically analyzed to provide a realistic perspective on the obstacles to development and reform. Furthermore, the burgeoning private banking sector, its evolution, and its growing significance in the Iraqi financial system. The narrative also extends to the banking sector and private banks in Northern Iraq, shedding light on regional disparities and the efforts to integrate these areas into the national economic fabric. In navigating through these sections,

this chapter not only paints a detailed picture of the banking sector's current state but also contemplates its future trajectory within the Iraqi economy. The insights garnered here are intended to equip readers with a deep understanding of the banking sector's pivotal role in Iraq's economic landscape, the challenges it faces, and the potential it holds for contributing to the country's prosperity.

2.1 FINANCIAL INTERMEDIATION

Financial intermediation, a cornerstone of modern economies, plays a pivotal role in facilitating economic growth, stability, and efficiency. This section delves into the multifaceted process of financial intermediation, with a particular focus on the banking sector's instrumental role in this ecosystem. Through a structured exploration of the various functions and responsibilities of banks, the aim is to provide readers with a comprehensive understanding of how financial intermediation contributes to the overall health and dynamism of the economy. Begin by examining the foundational role of banks within the financial intermediation process, serving as the primary nexus between savers and borrowers. This segment elucidates how banks contribute to economic vitality by efficiently allocating resources across the financial system. Next, explore how banks mobilize savings, turning individual and corporate surplus funds into a productive pool of capital. This function is crucial for funding investments, supporting business operations, and fostering economic development. The provision of credit is a core activity of banks, enabling businesses to expand, innovate, and create jobs, while allowing individuals to purchase homes, finance education, and improve their quality of life. This section examines the mechanisms of lending and the criteria banks use to allocate credit. An integral part of financial intermediation involves managing various risks associated with lending and investment. This segment discusses the strategies banks employ to mitigate credit risk, market risk, operational risk, and liquidity risk, ensuring stability and confidence in the financial system.

This part of the section sheds light on how interest rates are determined, highlighting the role of banks in setting rates that balance the demand for borrowing with the supply of savings, under the influence of central bank policies and market conditions. Financial Inclusion is addressed as a critical outcome and goal of effective financial intermediation, assessing how banks work to extend financial services to underserved segments of the

population, thus promoting economic participation and reducing inequality. Finally, the consider the importance of regulatory oversight in maintaining the integrity, safety, and soundness of the banking system. This discussion encompasses the role of national and international regulatory bodies in setting standards, conducting supervision, and ensuring that banks operate in a manner that supports economic stability and protects consumers. Through this section, readers will gain insights into the complex yet vital world of financial intermediation, understanding how banks play an essential role in driving economic activity, managing risks, and fostering an inclusive financial environment. This exploration aims to underscore the significance of banks in not just financial transactions but in shaping the economic landscape itself.

The primary function of the banking sector is financial intermediation, where banks act as middlemen between savers (those with excess funds) and borrowers (those in need of funds). Through this process, banks facilitate the efficient allocation of capital by channeling funds from savers to borrowers (Atmadja et. al., 2018).

Financial intermediation in the banking sector of Iraq plays a critical role in facilitating economic activities, mobilizing savings, and allocating capital efficiently. Here are some key points regarding the financial intermediation process in the banking sector of Iraq:

First: Role of Banks: Banks serve as intermediaries between surplus units (savers) and deficit units (borrowers) in the economy. They collect funds from savers in the form of deposits and lend these funds to borrowers, including businesses, individuals, and government entities, in the form of loans and credit (Oliveira, Von, 2011, p.806).

Second: Mobilization of Savings: Banks in Iraq mobilize savings from households, businesses, and other entities through various deposit products, (savings accounts, current accounts, fixed deposits, and investment accounts). These deposits provide banks with a stable source of funds that can be channeled into lending and investment activities (Ennew et. al., 2013, p.175).

Third: Lending and Credit Provision: One of the primary functions of banks is to extend credit to borrowers to finance investment projects, working capital needs, consumer spending, and other purposes. Banks in Iraq offer a range of loan products, including business

loans, personal loans, mortgages, and trade finance facilities, to meet the diverse financing needs of borrowers (Sun et. al., 2017, p.196).

Fourth: Risk Management: Financial intermediation involves managing risks associated with lending and investment activities. Banks in Iraq assess the creditworthiness of borrowers, conduct risk analysis, and implement risk mitigation measures to minimize the likelihood of loan defaults and losses. Risk management practices include credit risk assessment, collateral requirements, loan monitoring, and provisioning for loan losses (Bolsinger, 2001, p.150).

Fifth: Interest Rate Determination: Banks play a crucial role in determining interest rates in the economy through their lending and deposit activities. The Central Bank of Iraq (CBI) sets benchmark interest rates, which influence the cost of borrowing and the returns on savings and investments. Commercial banks adjust their lending and deposit rates based on market conditions, competition, and monetary policy signals.

Sixth: Financial Inclusion: Banks in Iraq are working to expand access to financial services and promote financial inclusion among underserved populations, including low-income individuals, small businesses, and rural communities. Initiatives (branch expansion, mobile banking, agent banking, and microfinance programs) aim to increase the availability and affordability of banking services across the country.

Seventh: Regulatory Oversight: The banking sector in Iraq is subject to regulation and supervision by the Central Bank of Iraq (CBI), which sets prudential standards, licensing requirements, and regulatory guidelines to ensure the safety, soundness, and stability of the financial system. Regulatory oversight helps maintain public trust, safeguard depositor interests, and promote financial integrity.

2.2 TYPES OF BANKS

The financial sector's backbone is constituted by a diverse array of banking institutions, each playing a specialized role in the economy's functioning and stability. This section, "Types of Banks," aims to dissect the banking system into its core components, offering insights into the distinct roles and functionalities of commercial banks, investment banks, and central banks. Through this segmentation, readers are invited to explore the intricate

dynamics that underpin financial operations, capital allocation, and monetary policy across different sectors of the economy.

The cornerstone of personal and business finance, commercial banks are the most prevalent form of banking institutions. They provide essential services such as deposit acceptance, loan and mortgage issuance, and various other customer-centric financial products. This segment explores the operational framework of commercial banks, highlighting their role in deposit mobilization, credit extension, and as facilitators of economic activity and liquidity within the marketplace. Catering primarily to corporate clients, governments, and institutional investors, investment banks specialize in advisory services and capital market activities. This includes underwriting public offerings, facilitating mergers and acquisitions, and offering strategic advisory services for complex financial transactions. The discussion will unravel the critical role of investment banks in capital formation, corporate restructuring, and market efficiency, illustrating their pivotal position in the architecture of global finance. Occupying the apex of the financial system, central banks serve as the regulatory authorities and the architects of monetary policy. Their mandates typically include inflation control, economic stabilization, and the maintenance of financial system integrity. This section delves into the mechanisms through which central banks influence the economy, including interest rate adjustments, open market operations, and the setting of reserve requirements, showcasing their indispensable role in safeguarding economic stability. By articulating the functional nuances and systemic importance of these bank types, this section aims to equip readers with a nuanced perspective on the banking sector's multifaceted structure. Understanding the roles and responsibilities of commercial banks, investment banks, and central banks is essential for comprehending the broader economic and financial landscape.

First: Commercial Banks: These banks offer a wide range of financial services, including accepting deposits, providing loans, and offering various financial products to individuals, businesses, and other entities(Ennew et. al., 2013, p.178).

Second: Investment Banks: Investment banks specialize in providing advisory services for mergers and acquisitions, raising capital through securities issuance, and trading financial instruments (Sun et. al., 2017, p.197).

Third: Central Banks: Central banks are typically government-owned institutions responsible for regulating the money supply, implementing monetary policy, and ensuring the Stability of the financial system. (Bolsinger, 2001, p.152)

2.3 BANKING SERVICES

The banking sector, with its comprehensive suite of services, plays a critical role in the economic fabric of society, facilitating the flow of funds, supporting investment activities, and enabling transactions across the globe. This section, "Banking Services," is dedicated to unpacking the wide array of services provided by banks, each designed to meet the diverse financial needs of individuals, businesses, and governments. By exploring deposit services, lending services, payment services, and investment services, readers will gain a holistic understanding of the banking sector's role in economic development and personal finance management.

The bedrock of banking operations, deposit services offer individuals and entities a secure venue for holding their funds. This segment delves into the various types of deposit accounts available, including savings accounts, checking accounts, and term deposits, highlighting how these services provide the foundation for the banking relationship and serve as a springboard for other banking activities. A vital engine of economic growth, lending services encompass a range of products from personal loans and mortgages to business loans and credit lines. This part of the section examines the mechanisms through which banks assess creditworthiness, structure loan products, and disburse funds, thereby enabling consumers to purchase homes, businesses to expand operations, and economies to flourish. In today's digital age, payment services have become a cornerstone of commerce, facilitating the efficient and secure transfer of funds. The explore the evolution of payment systems from traditional paper-based methods to electronic transfers, mobile payments, and digital wallets, underscoring the importance of these services in supporting daily transactions and international trade. Banks also play a significant role in offering investment services, including wealth management, brokerage services, and retirement planning. This segment provides insights into how banks assist individuals and institutions in growing their wealth, managing investments, and planning for financial security, highlighting the strategic importance of these services in achieving long-term financial goals.

Through this detailed exploration of banking services, this section aims to illuminate the comprehensive role banks play in not only safeguarding deposits and providing credit but also in enabling transactions and fostering investment. By understanding the scope and significance of these services, readers will appreciate the integral role banks play in supporting economic activity and facilitating financial well-being.

First: Deposit Services: Banks provide safe and convenient options for individuals and businesses to deposit and store their money. These services include savings accounts, checking accounts, and certificates of deposit (CDs) (Keltner & Finegold, 1999, p.37).

Second: Lending Services: Banks offer loans and credit to borrowers for various purposes, (purchasing homes, starting or expanding businesses, and financing educational expenses) (Oliveira, Von, 2011, p.807).

Third: Payment Services: Banks facilitate *payments* and transactions through services like wire transfers, electronic funds transfers (EFT), and credit card processing.

Fourth: Investment Services: Some banks offer investment products, (mutual funds, brokerage services, and wealth management), to help clients grow their wealth. (Sokołowska, 2011, p.21)

2.4 ECONOMIC IMPORTANCE

The banking sector, with its varied array of institutions, stands as a pillar of the global economy, driving growth, fostering stability, and enabling financial inclusion. This section, titled "Economic Importance," aims to shed light on the critical roles that different types of banking institutions play in economic development and financial ecosystems. From commercial banks to microfinance institutions, each entity serves unique functions, targets specific market segments, and addresses particular needs within the economy. Through a detailed examination of commercial banks, Islamic banks, government-owned banks, private banks, foreign banks, development banks, and microfinance institutions, readers will gain an enriched understanding of the banking sector's multifaceted contributions to economic progress.

As the backbone of the banking industry, commercial banks facilitate daily transactions, provide loans to individuals and businesses, and contribute significantly to the liquidity and stability of the financial system. This segment explores how commercial banks stimulate

economic activity by offering a wide range of financial services. Operating in accordance with Sharia law, Islamic banks offer unique financial products that comply with Islamic finance principles, contributing to financial inclusion and offering ethical investment opportunities. This part examines the economic impact of Islamic banking on diversifying financial services and promoting sustainable development. Often tasked with specific policy objectives, government-owned banks play a pivotal role in national development agendas, including promoting sectors deemed strategic for economic growth. This section delves into how these banks support governmental economic policies and priorities. Catering primarily to high-net-worth individuals, private banks offer personalized banking and investment services, playing a key role in wealth management and financial planning. This segment highlights the contribution of private banks to the efficient allocation of capital and financial advisory services. By bringing international expertise, competition, and capital into domestic markets, foreign banks enhance the diversity and efficiency of financial services available to consumers and businesses. This part explores the impact of foreign banks on local banking landscapes and cross-border financial flows. Specialized in funding economic development projects, development banks provide critical support for infrastructure, small and medium-sized enterprises (SMEs), and sectors that may be underserved by commercial banking. This segment examines the role of development banks in bridging financing gaps and fostering sustainable development. By extending financial services to the unbanked and underbanked populations, MFIs play an essential role in alleviating poverty, empowering marginalized communities, and promoting financial inclusion. This section looks at how MFIs contribute to economic empowerment at the grassroots level. This section aims to illuminate the diverse roles that banking institutions play in the economy, emphasizing their significance in promoting economic stability, growth, and development. Through this exploration, readers will appreciate the intricate ways in which the banking sector supports and shapes economic landscapes around the world.

First: Commercial Banks: Commercial banks are the most common type of banks in Iraq. They offer a wide range of banking services to individuals, businesses, and government entities, including deposit-taking, lending, trade finance, foreign exchange, and other

financial services. Commercial banks play a crucial role in mobilizing savings, extending credit, and facilitating economic activities (Toms, 2002, p.271).

Second: Islamic Banks: Islamic banks operate in compliance with Sharia principles, which prohibit the payment or receipt of interest and require transactions to be based on profit-sharing, asset-backed financing, and ethical investment principles. Islamic banks in Iraq offer Islamic financial products and services, (Sharia-compliant deposits, financing, investment, and wealth management solutions).

Third: Government-Owned Banks: Government-owned banks in Iraq are established and operated by the state or government authorities. These banks may serve specific policy objectives, (promoting financial inclusion, supporting economic development, or financing government projects and initiatives). Government-owned banks often provide banking services to underserved populations and sectors of the economy.

Fourth: Private Banks: Private Banks in Iraq are owned and operated by private investors, individuals, or corporations. They operate based on commercial principles and compete with other banks in the market. Private banks offer a wide range of banking products and services to customers, including individuals, businesses, and government entities. They play a significant role in driving innovation, competition, and efficiency in the banking sector.

Fifth: Foreign Banks: Foreign banks operate branches or subsidiaries in Iraq and provide banking services to customers in the country. These banks may be headquartered in other countries and have a presence in Iraq to serve the needs of multinational corporations, foreign investors, expatriates, and local customers with international banking requirements. Foreign banks bring expertise, capital, and global best practices to the Iraqi banking sector (Keltner & Finegold, 1999, p.41).

Sixth: Development Banks: Development banks focus on financing economic development projects, infrastructure initiatives, and priority sectors identified by the government. These banks may provide long-term financing, concessional loans, and technical assistance to support investment projects, job creation, poverty reduction, and sustainable development goals. Development banks in Iraq play a vital role in addressing infrastructure gaps and promoting inclusive growth (Toms, 2002, p.272).

Seventh: Microfinance Institutions: Microfinance institutions (MFIs) in Iraq specialize in providing financial services to underserved and low-income populations, including micro-entrepreneurs, small businesses, and rural communities. MFIs offer microloans, savings accounts, insurance products, and financial literacy training to empower individuals and communities economically. Microfinance plays a critical role in promoting financial inclusion and reducing poverty in Iraq (Levine, 1997, p.719).

2.5 REGULATION AND OVERSIGHT

The stability and integrity of the banking sector are paramount for the health of the global economy. Regulation and oversight constitute the bedrock upon which the trust and efficiency of the financial system are built. This section, "Regulation and Oversight," endeavors to dissect the comprehensive mechanisms and frameworks established to govern banking institutions, ensuring their operations align with both national interests and global standards. Through an in-depth exploration of the legal framework, licensing and supervision, prudential regulations, capital adequacy requirements, liquidity management, risk management, financial reporting and disclosure, as well as enforcement and sanctions, readers will gain a holistic view of the regulatory landscape that underpins the banking sector's operations.

This segment introduces the foundation of banking regulation, outlining the legislative and regulatory statutes that define the operational boundaries and responsibilities of banking institutions. It sets the stage for understanding how laws create the environment within which banks operate. Licensing serves as the entry gate for banking operations, ensuring that only entities that meet specific criteria can offer banking services. Supervision, on the other hand, involves ongoing oversight by regulatory bodies to ensure compliance with laws and regulations. Prudential regulations are designed to maintain the safety and soundness of the banking system, focusing on risk management practices, capital adequacy, and liquidity. This part delves into the rules that banks must follow to mitigate systemic risks. Capital adequacy standards require banks to hold a certain level of capital reserves as a buffer against potential losses. This section explains how these requirements are calculated and why they are critical for financial stability. Liquidity management regulations ensure that banks have sufficient liquid assets to meet their short-term obligations. This segment explores the strategies and

requirements for maintaining adequate liquidity levels. Effective risk management is crucial for the stability of banking institutions and the financial system at large. This part examines the regulatory expectations for banks' internal processes to identify, measure, monitor, and control risks. Transparency through financial reporting and disclosure is essential for market discipline and informed decision-making by stakeholders. This section outlines the standards and requirements for banks to report their financial condition and performance. To ensure adherence to regulatory standards, regulatory bodies are empowered to enforce compliance through a range of measures, including sanctions. This segment discusses the mechanisms for enforcement and the consequences of regulatory non-compliance.

First: Legal Framework: The regulatory framework for banks in Iraq is primarily governed by the Central Bank of Iraq Law of 2004, which outlines the CBI's roles, functions, powers, and responsibilities. The law provides the legal basis for banking regulation, supervision, licensing, and enforcement activities.

Second: Licensing and Supervision: The CBI is responsible for licensing and supervising banks operating in Iraq. Banks are required to obtain a license from the CBI to operate as financial institutions in the country. The CBI conducts ongoing supervision and monitoring of banks to ensure compliance with prudential regulations, banking standards, and regulatory requirements.

Third: Prudential Regulations: The CBI sets prudential regulations and guidelines to govern the operations, activities, and risk management practices of banks. These regulations cover various aspects, including capital adequacy, liquidity management, asset quality, risk management, corporate governance, and anti-money laundering/combating the financing of terrorism (AML/CFT) measures.

Fourth: Capital Adequacy Requirements: The Central Bank of Iraq (CBI) implements capital adequacy requirements to ensure that banks have adequate capital reserves to withstand potential losses and sustain financial stability. These requirements mandate that banks maintain minimum levels of capital in proportion to their risk-weighted assets. This framework aligns with the standards set by the Basel Committee on Banking Supervision (BCBS), which aims to enhance the resilience of the banking sector and mitigate systemic risks.

Fifth: Liquidity Management: The CBI sets liquidity requirements and guidelines to ensure that banks maintain adequate liquidity levels to meet their short-term obligations and withstand liquidity shocks. Banks are required to manage their liquidity risk prudently and maintain liquidity buffers in line with regulatory requirements.

Sixth: Risk Management: The Central Bank of Iraq (CBI) requires banks to establish comprehensive risk management frameworks to identify, evaluate, monitor, and mitigate different types of risks, such as credit risk, market risk, operational risk, and compliance risk. These risk management frameworks are essential for ensuring the stability and resilience of the banking sector. Banks must develop and implement risk management policies, procedures, and controls to effectively manage and mitigate risks, thereby safeguarding the financial system and protecting stakeholders' interests (Garcia, 2000, p.26).

Seventh: Financial Reporting and Disclosure: The CBI requires banks to prepare and submit periodic financial reports, statements, and disclosures to provide transparency and accountability to stakeholders. Banks are required to adhere to accounting standards, reporting guidelines, and disclosure requirements set by the CBI.

Eighth: Enforcement and Sanctions: The CBI has enforcement powers to enforce compliance with regulatory requirements and take corrective actions against banks that violate regulations or pose risks to financial stability. Sanctions may include fines, penalties, license revocation, or other regulatory measures to address non-compliance or misconduct (Friedman & Kuttner, 2010, p.1348).

2.6 ROLE IN MONETARY POLICY IN IRAQ

The Central Bank of Iraq plays a crucial role in shaping the nation's economic landscape through its monetary policy actions. This section, "Role in Monetary Policy in Iraq," aims to illuminate the multifaceted strategies employed by the Central Bank to manage liquidity, influence inflation, and foster economic stability. By dissecting the mechanisms of setting interest rates, conducting open market operations, implementing reserve requirements, managing foreign exchange operations, communicating monetary policy,

overseeing supervision and regulation, and conducting economic analysis and forecasting, readers will gain an in-depth understanding of the Central Bank's pivotal functions in steering the Iraqi economy.

The foundational tool in the Central Bank's monetary policy arsenal involves setting the benchmark interest rates, a critical lever for controlling inflation and influencing economic growth. This segment explores how interest rate adjustments can affect borrowing, spending, and saving behaviors across the economy. Open market operations, involving the buying and selling of government securities, are employed to manage the money supply and influence short-term interest rates. This part delves into how these operations are used to achieve monetary policy objectives. By setting reserve requirements for commercial banks, the Central Bank can influence the extent of banks' ability to create money through lending. This section examines the role of reserve ratios in maintaining liquidity and financial stability. The Central Bank's engagement in the foreign exchange market is crucial for stabilizing the Iraqi dinar and managing international reserves. This segment discusses the strategies used in foreign exchange operations to support monetary policy goals. Effective communication of monetary policy decisions is essential for managing expectations and enhancing the transparency of central banking actions. This part highlights the importance of clear communication in achieving policy effectiveness. The Central Bank's supervisory and regulatory functions ensure the soundness of the financial system, which is vital for the effective implementation of monetary policy. This section outlines how supervision and regulation support monetary policy objectives. The foundation of sound monetary policy lies in accurate economic analysis and forecasting. This segment reveals how the Central Bank uses economic data and models to forecast future economic conditions and inform policy decisions. Through the exploration of these key areas, this section aims to provide readers with a comprehensive understanding of the Central Bank of Iraq's role in crafting and implementing monetary policy. By examining the tools and strategies at the Central Bank's disposal, readers will appreciate the complexity of monetary policy in Iraq and its impact on the nation's economic health and stability.

First: Setting Interest Rates: One of the primary tools the CBI uses to influence monetary conditions is the setting of interest rates. The CBI determines key policy rates, (the

discount rate or the central bank's lending rate), which serves as a benchmark for other interest rates in the economy. By adjusting these rates, the CBI aims to influence borrowing and lending activities, liquidity conditions, and inflationary pressures.

Second: Open Market Operations: The CBI conducts open market operations (OMOs) to manage liquidity in the banking system and influence short-term interest rates. Through OMOs, the CBI buys or sells government securities in the open market, injecting or withdrawing liquidity from the banking system to achieve its monetary policy objectives. OMOs help regulate interbank borrowing and lending rates and influence overall monetary conditions.

Third: Reserve Requirements: The CBI sets reserve requirements that banks must maintain with the central bank as a percentage of their deposit liabilities. By adjusting reserve requirements, the CBI can influence the amount of liquidity available to banks for lending and investment purposes. Changes in reserve requirements can affect banks' ability to extend credit and impact money supply growth.

Fourth: Foreign Exchange Operations: The CBI manages the foreign exchange market and intervenes in currency markets to maintain exchange rate stability and manage external imbalances. The CBI may buy or sell foreign currency reserves to stabilize the value of the Iraqi dinar (IQD) against other currencies and support external trade and investment flows.

Fifth: Monetary Policy Communication: The CBI communicates its monetary policy stance, objectives, and decisions to the public, financial markets, and stakeholders through official statements, press releases, and public announcements. Transparency and communication are essential for guiding market expectations, anchoring inflation expectations, and fostering confidence in the central bank's policy framework (Wewege et. al., 2020, p.39).

Sixth: Supervision and Regulation: The CBI's regulatory and supervisory functions also play a role in supporting monetary policy objectives. Supervision of banks helps ensure the soundness and stability of the financial system, mitigating risks to monetary policy transmission channels. Effective regulation and oversight contribute to maintaining financial

stability, enhancing the effectiveness of monetary policy measures, and reducing systemic risks (Broby, 2021, p.17).

Seventh: Economic Analysis and Forecasting: The CBI conducts economic analysis, research, and forecasting to assess macroeconomic conditions, monitor inflation trends, and identify risks and challenges to price stability and economic growth. Data-driven analysis helps inform monetary policy decisions and strategies for achieving the CBI's objectives effectively (Bhalla, 2004) and (Han, 2015, p.91)

2.7 CHALLENGES AND RISKS

In the evolving landscape of the banking sector, institutions face a myriad of challenges and risks that necessitate vigilant management and strategic foresight. This section, "Challenges and Risks," aims to delve into the core issues that banks encounter in their operations, focusing on credit risk, interest rate risk, regulatory compliance, and cybersecurity. By dissecting these critical areas, readers will gain a nuanced understanding of the potential hurdles and threats to stability and profitability within the banking industry. This exploration is intended to equip stakeholders with the knowledge to navigate the complexities of the banking environment, ensuring resilience and sustainability in the face of adversities.

At the forefront of banking risks, credit risk involves the potential for loss due to borrowers' failure to meet their obligations. This segment examines the factors contributing to credit risk and the strategies banks employ to assess, mitigate, and manage this risk, highlighting its significance in the banking sector's overall risk profile. As financial institutions engage in lending and borrowing activities, they are inherently exposed to the fluctuations of interest rates. Interest rate risk can significantly impact a bank's margin and the market value of its assets. This part of the section explores the dynamics of interest rate risk and the approaches banks take to hedge against such exposure, ensuring financial stability amidst market volatility. The banking sector is among the most heavily regulated industries, with regulations encompassing a wide array of operational, financial, and ethical standards. This segment delves into the challenges banks face in adhering to complex and ever-evolving regulatory requirements, emphasizing the importance of compliance in maintaining trust and integrity within the financial system. In an era where digital operations

are integral to banking services, cybersecurity emerges as a critical concern. Banks are prime targets for cyber threats, including data breaches, fraud, and operational disruptions. This section discusses the evolving landscape of cybersecurity risks and the measures banks must implement to safeguard their systems, data, and clients from cyber-attacks. Through the lens of these challenges and risks, this section aims to provide readers with a comprehensive perspective on the obstacles banks face in maintaining operational efficiency, financial stability, and regulatory compliance. Understanding these risks is crucial for banking professionals, policymakers, and stakeholders to develop effective strategies for risk management and to foster a secure, stable, and trustworthy banking environment.

First: Credit Risk: Banks face the risk that borrowers may default on their loans, leading to credit losses.

Second: Interest Rate Risk: Changes in interest rates can impact banks' profitability and the value of their assets and liabilities (Fegyveresi, 1994, p.987).

Third: Regulatory Compliance: Banks must continuously adapt to evolving regulations, which can increase compliance costs.

Fourth: Cybersecurity: The digitalization of banking has made institutions vulnerable to cyberattacks and data breaches. (Gurusamy, 2009) and (Cyriac & Sadath, 2019, p.382)

The banking sector's significance in the economy cannot be overstated. Its functions of financial intermediation, capital allocation, and risk management are essential for Economic Development and Stability. Moreover, the sector is continually evolving to meet the changing needs and preferences of customers in an increasingly digital world (Al-Dulaimi, 2022, p.18).

2.8 THE PRIVET BANKING SECTOR

The private banking sector represents a specialized segment of the financial services industry, catering to the unique needs of high-net-worth individuals (HNWIs) and ultra-high-net-worth individuals (UHNWIs). This section, "The Private Banking Sector," aims to provide an in-depth exploration of the services, principles, and operational dynamics that define private banking. From the tailored suite of services offered to the emphasis on privacy,

customization, and relationship-centric approaches, readers will gain comprehensive insights into how private banks operate and the value they provide to their exclusive clientele.

Initiating our discussion, delve into the demographics and characteristics of the clientele that private banking targets. Understanding the client base is essential for appreciating the bespoke nature of services and the tailored approach that private banks undertake. Private banking is distinguished by its wide array of services designed to address the complex financial needs of its clients. This includes sophisticated portfolio management, comprehensive financial planning, bespoke credit and lending solutions, estate and trust services, access to alternative investments, and personalized concierge services. Each of these services is explored to illustrate how private banks fulfill the diverse needs of their clients. At the heart of private banking is the customization of services and investment strategies to fit the unique goals, preferences, and risk tolerance of each client. This segment examines the methods and tools used by private banks to tailor their offerings, ensuring alignment with individual client objectives. Given the nature of their clientele, private banks place a paramount emphasis on privacy and confidentiality. This part discusses the mechanisms and practices employed to protect client information and ensure a trusted banking relationship. Despite offering personalized services, private banks operate under a strict regulatory framework designed to ensure compliance, transparency, and the protection of client assets. This section outlines the regulatory environment specific to private banking and its implications for operations and client interactions. Understanding the fee structure is crucial for clients engaging with private banking services. This segment breaks down the various fee models, including asset-based fees, fixed fees, and performance-based fees, providing insight into how private banks charge for their services. Private Banks are known for their sophisticated investment approaches, incorporating traditional and alternative investments to achieve client objectives. This part explores the investment philosophies and strategies that underpin portfolio management in private banking. Many private banks offer global banking services, addressing the international needs of their clients. This section examines how private banks navigate cross-border financial services, foreign investments, and international estate planning. In an era of digital transformation, technology plays a critical role in enhancing the private banking experience. This segment discusses the

technological advancements that private banks have adopted to streamline operations, improve client engagement, and offer cutting-edge solutions. Concluding the discussion, the focus shifts to the relationship-centric model of private banking, emphasizing the importance of building long-term, personalized relationships with clients. This approach is key to understanding client needs, providing tailored advice, and ensuring client satisfaction.

Through this comprehensive overview, "The Private Banking Sector" section aims to elucidate the intricate workings, service offerings, and strategic priorities of private banking, highlighting its critical role in wealth management and financial planning for affluent individuals. The Private Banking Sector, often referred to as private banking or wealth management, is a segment of the financial industry that provides a range of specialized financial services and personalized financial solutions to high-net-worth individuals (HNWIs), affluent clients, and sometimes institutional clients. (John, 2009, p.37) Here are key characteristics and aspects of the private banking sector:

First: Clientele: Private banking primarily caters to individuals and families with substantial wealth, typically defined as having assets exceeding a certain threshold, (several hundred thousand or millions of dollars). These clients have unique financial needs and often require more personalized services compared to retail banking customers. (Foehn P. & Bamert T, 2002)

Second: Services Offered: Wealth Management: Private banks offer comprehensive wealth management services, including investment management, estate planning, tax optimization, and risk management.

- a. **Portfolio Management:** Private bankers create and manage investment portfolios tailored to each client's financial goals, risk tolerance, and preferences (Jeffery & Leliveld, 2004, p.19).
- b. **Financial Planning:** Private bankers help clients develop financial plans that encompass their entire financial picture, including retirement planning, education funding, and philanthropic goals (Hanna, 2011, p.39).
- c. **Credit and Lending:** Private banks provide credit solutions (loans, lines of credit, and mortgages, often with favorable terms) (IBM, 2003).

- d. **Estate and Trust Services:** Assistance with estate planning, trusts, and succession planning is a common offering to help clients preserve and transfer wealth to future generations (Nevins, 2004, p.21).
- e. **Alternative Investments:** Private banking clients may have access to a wider range of investment opportunities, including private equity, hedge funds, and other alternative investments (Cantor & Packer, 1995, p.21).
- f. **Concierge Services:** High-touch services, (personalized concierge services and access) to exclusive events and opportunities, are often provided. (Oliveira, Von, 2011, p.807).

Third: Customization: Private banking services are highly customized to meet the unique needs and preferences of individual clients. Each client's financial situation, goals, risk tolerance, and investment horizon are considered when designing their financial strategy. (Beaverstock, 2010, p.1927)

Fourth: Privacy and Confidentiality: Client privacy and confidentiality are paramount in private banking. Banks take extensive measures to safeguard client information and maintain a high level of discretion. (Donaghy, 2002, p.127)

Fifth: Regulation: Private Banks are subject to regulatory oversight to ensure compliance with financial laws and regulations. Regulations may vary by jurisdiction, and compliance is crucial to maintain the integrity of the sector. (Han, 2015, p.21)

Sixth: Fee Structure: Private banking services are often fee-based, where clients pay fees based on the assets under management (AUM) or a percentage of the assets they have invested with the bank. (Smith, 2015, p.19)

Seventh: Investment Approach: Private banks typically employ a conservative and risk-aware investment approach, emphasizing capital preservation and wealth Growth over the long term. (Malo-Alain et. al., 2021, p.249)

Eighth: Global Reach: Many private banks have a global presence, allowing clients to access international financial markets and services. They may also assist clients with international investments, estate planning, and asset protection. (Paul, et. al., 2016, p.617)

Ninth: Technology: Private banking services increasingly incorporate technology, offering clients digital platforms to monitor their investments and access financial information. (Broby, 2021, p.15)

Tenth: Relationship-Centric: Private bankers build long-term relationships with their clients, often serving as trusted advisors. The relationship between the banker and the client is a fundamental aspect of private banking. (Chorafas, 2011, p.91).

The private banking sector caters to high-net-worth individuals and provides a comprehensive range of financial services customized to meet their unique needs and goals. It places a strong emphasis on personalized service, discretion, and long-term relationships to help clients manage and grow their wealth.

And financial indicators in the private banking sector are crucial instruments for evaluating the performance, health, and Growth prospects of private banks. These indicators help assess various aspects of a private bank's operations and financial position, and they play a pivotal role in decision-making for both internal management and external stakeholders, including investors and regulators. (Dong et. al., 2016, p.291)

Thus; financial indicators provide a comprehensive view of a private bank's financial health, performance, and risk profile. Private banks use these indicators to make strategic decisions, manage risk, attract investors, and ensure regulatory compliance. For investors and stakeholders, these indicators serve as valuable instruments for evaluating the bank's Stability and potential for Growth.

2.9 THE BANKING SECTOR AND PRIVATE BANKS IN NORTHERN IRAQ

Northern Iraq's banking sector, characterized by its dynamic growth and evolving landscape, presents a unique case study of financial development in a region marked by both challenges and opportunities. This section, "The Banking Sector and Private Banks in Northern Iraq," aims to dissect the factors driving the development of the banking industry, with a particular focus on the burgeoning role of private banks. Through an examination of banking sector development, the growth of private banks, their economic significance, the importance of financial reports, and the role of financial indicators, readers will gain a nuanced understanding of the banking ecosystem in Northern Iraq. This exploration seeks to provide insights into the contributions of private banking to regional economic resilience and

growth, as well as the challenges and prospects facing the sector. The narrative begins with an overview of the banking sector's development in Northern Iraq, highlighting the historical context, recent reforms, and the strategic initiatives undertaken to modernize and expand financial services. This segment sets the stage for understanding the current state and future direction of banking in the region. Focusing on the rise of private banks, this part delves into the factors contributing to their growth, including regulatory changes, market demand, and the role of technology. The expansion of private banks is analyzed in the context of their ability to meet the diverse financial needs of businesses and individuals in Northern Iraq. The economic significance of the banking sector, and private banks in particular, is examined in terms of their contribution to financial stability, economic development, and investment facilitation. This segment underscores the role of banks in mobilizing savings, providing credit, and supporting entrepreneurship and infrastructure development. This section emphasizes the critical role of transparent and accurate financial reporting by banks in fostering trust, ensuring accountability, and attracting investment. The importance of financial reports for stakeholders, including investors, regulators, and customers, is highlighted to underscore the need for high-quality financial information. Lastly, the discussion turns to the role of financial indicators in evaluating the performance and health of banks. Key indicators such as liquidity ratios, profitability ratios, and leverage ratios are explored to illustrate how they can inform decision-making by management, investors, and regulatory authorities. By providing a comprehensive overview of the banking sector and private banks in Northern Iraq, this section aims to highlight the transformative potential of financial institutions in supporting economic growth and stability in the region. Through this lens, readers will appreciate the complexities, achievements, and challenges of banking in an environment characterized by rapid changes and significant economic aspirations.

The banking sector in Northern Iraq has undergone significant changes and development in recent years. Specifically, private banks have played a growing and prominent role in shaping the financial landscape of the region. Here are some key insights into the banking sector and the role of private banks in Northern Iraq:

First: Banking Sector Development: Northern Iraq has experienced a transformation in its banking sector, particularly in the post-conflict era. This period

witnessed the emergence and expansion of private banks, signifying the region's commitment to economic revitalization and financial modernization. (Balmer J. & Stotvig S., 1997)

Second: Growth of Private Banks: Private Banks in Northern Iraq have gained prominence as key players in the financial ecosystem. Many of these private banks are rooted in local entrepreneurship and have contributed to the diversification and dynamism of the banking sector (Al-Jabori, 2023, p.18).

Third: Economic Significance: Private banks in Northern Iraq have become significant contributors to the region's economic development (Sethi et. al., 2017, p.791). They attract deposits, offer credit to businesses and individuals, and facilitate economic transactions, all of which are essential for maintaining Economic Stability and fostering investor confidence.(Smith, 2015, p.13)

Fourth: Importance of Financial Reports: In this evolving banking sector, the accuracy and reliability of financial reporting become paramount. Financial reports serve as the primary means of communicating financial information to stakeholders, including shareholders, regulators, investors, and the public. (Al-Dmour, 2018, p.21)

Fifth: Role of Financial Indicators: Financial indicators, including measures such (Profitability Indicators, Efficiency Indicators, and Growth Indicators), play a crucial role in evaluating the financial health of banks in Northern Iraq. These indicators provide insights into a bank's ability to manage risk, generate profits, and maintain sufficient capital buffers. (Hani, 2018, p.19).

The banking sector in Northern Iraq has experienced significant changes, with private banks becoming key players in the financial landscape. The accuracy and reliability of accounting reports produced by these banks are of utmost importance, and the research seeks to shed light on the relationship between financial indicators and the quality of these reports within the regional context (Mathuva, 2009, p.42).

CHAPTER 3: THE EFFECT OF FINANCIAL INDICATORS ON THE QUALITY OF ACCOUNTING REPORTS IN THE BANKING SECTOR: IMPLEMENTATION OF PRIVATE BANKS IN NORTHERN IRAQ

Chapter 3 embarks on a comprehensive exploration into the pivotal relationship between financial indicators and the quality of accounting reports within the banking sector, with a focused application on private banks in Northern Iraq. This investigation is driven by the imperative to understand how financial metrics influence the transparency, accuracy, and overall integrity of financial reporting—a cornerstone for stakeholder trust and informed decision-making in the financial landscape.

This research aims to dissect the intricate dynamics between financial indicators—such as profitability, efficiency, and growth metrics—and the quality of accounting reports, thereby illuminating the impact of these indicators on financial reporting practices. The importance of this study lies in its potential to enhance the reliability of financial reporting, contribute to the literature on financial analysis and reporting standards, and support regulatory bodies in crafting more effective policies. The justification for this research is rooted in the evolving financial landscape of Northern Iraq, where the burgeoning private banking sector represents a critical area for academic and practical inquiry due to its significant economic implications. This segment acknowledges the constraints faced during the research, including geographical focus, data accessibility, and the dynamic nature of financial regulations. The research hypothesis posits a significant correlation between financial indicators and the quality of accounting reports in the banking sector, aiming to be tested through empirical analysis. The scope delineates the boundaries of the study, focusing on private banks in Northern Iraq, and outlines the financial indicators under examination.

Through rigorous investigation and analysis, Chapter 3 aims to contribute significantly to our understanding of the integral role financial indicators play in shaping the quality of accounting reports in the banking sector. This research not only seeks to inform policy and practice in the field of banking and finance but also to provide a valuable reference for future studies in this critical area of economic development.

3.1. PURPOSE AND IMPORTANCE OF THE RESEARCH

This research embarks on a scholarly journey to bridge the critical gap in understanding the nexus between financial indicators and the quality of accounting reports within the banking sector, with a concentrated lens on the private banks in Northern Iraq. The purpose and importance of this investigation are multifaceted, aiming not only to contribute to the academic body of knowledge but also to have practical implications across various dimensions of the financial industry.

3.1.1. The Purpose Of Research

The research aims to achieve the following objectives:

- a. Determining the financial indicators affecting the quality of financial reports in the banking sector.
- b. Building a system of financial indicators that could have a greater impact on the quality of financial reports in the banking sector.
- c. Measuring the relative impact of each of the financial indicators most affecting the quality of financial reports in the banking sector.
- d. Measuring the overall aggregate effect of the most influential system of financial indicators on the quality of financial reports in the banking sector
- e. Testing the system of financial indicators most affecting the quality of financial reports in the banking sector.

3.1.2. Importance Of Research

The importance of the research titled "The Effect of Financial Indicators on the Quality of Accounting Reports in the Banking Sector: Implementation of Private Banks in Northern Iraq" lies in its potential to yield valuable insights and contribute to various stakeholders in the following ways:

First: Enhancing Financial Reporting Practices: By investigating the relationship between financial indicators and the quality of accounting reports, the research can provide valuable guidance to private banks in Northern Iraq on improving their financial reporting practices. Understanding how different financial metrics impact reporting quality can help banks enhance transparency, accuracy, and reliability in their financial disclosures.

Second: Strengthening Investor Confidence: High-quality accounting reports are essential for investors to make informed decisions about investing in private banks. By

identifying factors that influence reporting quality, the research can help investors better evaluate the reliability and trustworthiness of financial information provided by banks. This, in turn, can strengthen investor confidence and attract investment capital to the banking sector.

Third: Supporting Regulatory Oversight: Regulatory authorities responsible for overseeing the banking sector can benefit from the research's findings. Insights into the factors affecting the quality of accounting reports can inform the development of regulatory frameworks and guidelines aimed at enhancing reporting standards and promoting financial stability. Regulators can use the research to assess compliance with accounting standards and identify areas for improvement in regulatory oversight.

Fourth: Facilitating Strategic Decision-Making: Bank management can leverage the research's findings to make more informed strategic decisions regarding financial reporting practices and performance management. Understanding the impact of different financial indicators on reporting quality can help management prioritize areas for improvement, allocate resources effectively, and enhance overall financial performance.

Fifth: Promoting Economic Development: High-quality financial reporting is vital for fostering trust and confidence in the banking sector, which is fundamental for economic development. By promoting transparency, accuracy, and reliability in accounting reports, the research can contribute to the stability and growth of the banking sector in Northern Iraq, attracting investment, supporting lending activities, and facilitating economic development initiatives.

The research's importance lies in its potential to generate practical recommendations, inform policy decisions, and advance knowledge in the field of financial reporting quality in the banking sector, ultimately benefiting stakeholders and contributing to the sustainable development of Northern Iraq's economy.

3.2. JUSTIFICATION OF RESEARCH

The banking sector plays a pivotal role in any economy, contributing to Financial Stability and Growth. Accurate and reliable accounting reports are essential for informed decision-making within banks and for external stakeholders (investors, regulators, and the

public). In recent years, the banking industry in Northern Iraq has witnessed significant Growth and transformation, with private banks becoming prominent players in the financial landscape. However, the relationship between financial indicators and the quality of accounting reports in this context remains relatively underexplored. (Micah et. al., 2012, p.14)

There is a pressing need to investigate the extent to which financial indicators impact the quality of accounting reports in private banks operating in Northern Iraq. By identifying and understanding these relationships, stakeholders can make informed decisions, enhance transparency, and contribute to the overall Stability of the banking sector. Currently, there is a gap in the literature regarding the specific impact of financial indicators on accounting report quality in this regional setting. (Jarrah et. al., 2022, p.3)

This research aims to address this gap by examining the relationship between financial indicators (liquidity ratios, profitability measures, and capital adequacy ratios) and the quality of accounting reports produced by private banks in Northern Iraq. By doing so, it seeks to provide valuable insights that can guide bank management, regulators, and policymakers in enhancing financial reporting practices and fostering a more robust banking environment.

Furthermore, as the research focuses on private banks in a specific geographic region, the findings are expected to contribute not only to the academic understanding of the relationship between financial indicators and accounting report quality but also to the practical challenges faced by banks in Northern Iraq. The results of this research have the potential to influence strategies for financial reporting improvement, leading to more transparent and reliable financial information, which, in turn, can bolster investor confidence and overall Economic Growth.

The proposed research holds significant relevance due to its potential to bridge a gap in knowledge regarding the impact of financial indicators on the quality of accounting reports in the context of private banks in Northern Iraq. By shedding light on these dynamics, the research aims to foster better decision-making practices, improve transparency, and contribute to the sustained development of the banking sector within the region.

3.3. RESEARCH LIMITATIONS

While the research aims to contribute valuable insights into the relationship between financial indicators and accounting report quality in the banking sector of Northern Iraq, there are several limitations that should be acknowledged:

- a. **Sample Size and Selection:** Due to time and resource constraints, the research's sample size might be limited. Although efforts will be made to ensure representative sampling of private banks in Northern Iraq, the small sample size could affect the generalizability of the findings to the broader population of banks operating in the region.(Hribar et. al., 2010, p.33)
- b. **Data Availability and Reliability:** The research heavily relies on the availability and accuracy of financial data from private banks' accounting reports. There is a possibility of incomplete or inconsistent data, which could impact the precision of the analyses and subsequent conclusions.(Jarah et. al., 2022, p.5)
- c. **Contextual Factors:** The research focuses specifically on private banks in Northern Iraq. While this provides valuable insights into a specific context, the findings might not be directly transferable to different geographic regions or types of financial institutions.(Micah et. al., 2012, p.14)
- d. **Self-Reported Data:** To assess accounting report quality, the research might rely on self-reported measures or subjective assessments from the banks' management. This could introduce bias or variations in interpretation, potentially affecting the reliability of the results.
- e. **Exclusion of Macroeconomic Factors:** The research's scope is primarily confined to internal financial indicators within banks. External macroeconomic factors, (Political Stability or Regulatory Changes), could influence both financial indicators and accounting report quality but might not be fully accounted for in the analysis.(Warue, 2013, p.98)
- f. **Availability of Expertise:** The research's accuracy and depth could be influenced by the availability of subject matter experts and researchers familiar with the local banking landscape and financial reporting practices in Northern Iraq.(Paul et. al., 2016, p.622)

This chapter serves as the introduction to the M.Sc. research titled "The Effect of Financial Indicators on the Quality of Accounting Reports in the Banking Sector: Implementation of Private Banks in Northern Iraq." In this chapter, the researcher provides a comprehensive overview of the research journey, the background of the research, the problem statement, research objectives, hypotheses, justification, significance, research model, and limitations. Here is a paraphrased summary of the chapter:

In the introductory chapter, the researcher initiates the research by highlighting the pursuit of knowledge and the drive to investigate the connection between financial indicators and accounting report quality within the banking sector, with a specific focus on private banks in Northern Iraq.

The chapter proceeds by introducing the significance of the banking sector in Economic Growth and discusses the evolving role of private banks in Northern Iraq. It emphasizes the growing importance of accurate financial reporting in this context.

The problem statement in the chapter identifies a research gap related to the impact of financial indicators on accounting report quality in Northern Iraqi private banks. This problem statement leads to the formulation of research questions and objectives.

The objectives of the research are presented, including the identification of financial indicators affecting accounting report quality, the development of a financial indicator system, the measurement of their impact, and the Testing of their effectiveness.

The chapter introduces the main hypothesis and sub-hypotheses, which form the foundation for examining the relationships between financial indicators and accounting report quality.

The researcher justifies the research's significance, emphasizing its potential to enhance financial reporting practices, inform decision-makers, contribute to academic knowledge, influence policy, and promote Economic Growth in Northern Iraq.

The significance of the research for various stakeholders is discussed, encompassing banks, investors, regulators, academics, policymakers, and the regional economy.

The research model, focusing on the impact of financial indicators on accounting report quality with mediating variables, is outlined.

Lastly, the chapter acknowledges limitations, including sample size constraints, data reliability issues, challenges in establishing causality, contextual factors, reliance on self-reported data, exclusion of macroeconomic factors, and the need for subject matter expertise.

3.4. RESEARCH HYPOTHESIS

The research starts from the main hypothesis that: **"There is a Significant Effect of the System of Selected Financial Indicators, (Profitability, Efficiency, and Growth Indicators), on the Quality of Accounting Reports in the Banking Sector, and this Effect Varies According to the Selected Financial Indicators"**.

And to support this main hypothesis, there are sub-hypotheses that correspond to each of the sub-research questions:

First: Axis I: Internal Factors Affecting the Quality of Accounting Reports in Private Banks in Northern Iraqi Private Banks.

- a. **Hypothesis (H1-0):** Internal factors alone do not significantly affect the quality of accounting reports in private banks in Northern Iraq.
- b. **Hypothesis (H1-1):** Internal factors significantly affect the quality of accounting reports in private banks in Northern Iraq.

Second: Axis II: The Impact of External Factors on the Preparation and Disclosure of Financial Indicators, (Profitability, Efficiency, and Growth Indicators), and their Effect on the Quality of Accounting Reports in Private Banks in Northern Iraq.

- a. **Hypothesis (H2-0):** External factors do not significantly shape the implementation of financial indicators (Profitability, Efficiency, and Growth) in Northern Iraqi private banks, and, therefore, do not significantly affect the quality of accounting reports.
- b. **Hypothesis (H2-1):** External factors significantly shape the implementation of financial indicators in Northern Iraqi private banks, leading to a significant impact on the quality of accounting reports.

Third: Axis II-A: External Factors Shaping Financial Indicator Implementation and Accounting Report Quality in Northern Iraqi Private Banks.

- a. **Hypothesis (H3-0):** The specific external factors described in Axis II-A do not significantly influence the quality of accounting reports in private banks in Northern Iraq.

- b. **Hypothesis (H3-1):** The specific external factors described in Axis II-A have a significant influence on the quality of accounting reports in private banks in Northern Iraq.

Fourth: Axis II-B: The Influence of Profitability as one of a Financial Indicator Calculation and Interpretation on Accounting Report Quality in Private Banks of Northern Iraq.

- a. **Hypothesis (H4-0):** Profitability indicators do not significantly influence the quality of accounting reports in private banks in Northern Iraq.
- b. **Hypothesis (H4-1):** Profitability indicators have a significant influence on the quality of accounting reports in private banks in Northern Iraq.

Fifth: Axis II-C: The Influence of Efficiency as one of the Financial Indicator Calculation and Interpretation on Accounting Report Quality in Private Banks of Northern Iraq.

- a. **Hypothesis (H5-0):** Efficiency indicators do not significantly influence the quality of accounting reports in private banks in Northern Iraq.
- b. **Hypothesis (H5-1):** Efficiency indicators have a significant influence on the quality of accounting reports in private banks in Northern Iraq.

Sixth: Axis II-D: The Impact of Growth Indicators on the Quality and Strategic Role of Accounting Reports in Private Banks of Northern Iraq.

- a. **Hypothesis (H6-0):** Growth indicators do not significantly impact the quality of accounting reports in private banks in Northern Iraq.
- b. **Hypothesis (H6-1):** Growth indicators have a significant impact on the quality of accounting reports in private banks in Northern Iraq.

Seventh: Axis II-E: The Strategic Role of Financial Indicators in Enhancing the Quality of Accounting Reports in Private Banks Operating in Northern Iraq.

- a. **Hypothesis (H7-0):** Financial indicators (Profitability, Efficiency, and Growth) do not play a strategic role in enhancing the quality of accounting reports in private banks operating in Northern Iraq.
- b. **Hypothesis (H7-1):** Financial indicators play a strategic role in enhancing the quality of accounting reports in private banks operating in Northern Iraq.

Eighth: Axis III: The Reflection of Financial Indicators, (Profitability, Efficiency, and Growth Indicators), on the Quality of Accounting Reports.

- a. **Hypothesis (H8-0):** Financial indicators (Profitability, Efficiency, and Growth) do not significantly reflect on the quality of accounting reports in private banks in Northern Iraq.
- b. **Hypothesis (H8-1):** Financial indicators significantly reflect on the quality of accounting reports in private banks in Northern Iraq.

These sub-hypotheses are derived from the research's questions and represent specific assertions that research intend to Test or investigate during the research. They provide a structured framework for evaluating the impact of financial indicators on the quality of financial reports in the banking sector.

3.5. SCOPE AND OF THE RESEARCH

Geographical Scope: The research focuses specifically on private banks operating in Northern Iraq.

Sectoral Scope: The research is centered on the banking sector, particularly private banks.

Timeframe: The research may analyze accounting reports over a specific period (2021-2022) to evaluate trends and changes in financial indicators and reporting quality.

Financial Indicators: The research may consider a range of financial indicators, including profitability ratios, liquidity ratios, solvency ratios, efficiency ratios, and other relevant metrics that could impact the quality of accounting reports.

Quality of Accounting Reports: The research assesses the quality of accounting reports based on criteria (accuracy, reliability, transparency, relevance, completeness, and compliance) with accounting standards and regulations.

3.6. LITETATURE REVIEW

3.6.1. Literature Review Of Financial Indicators

The explore the corpus of research on financial indicators in this area. The investigate and comprehend the field of financial indicators, their importance, and the range of situations in which they have been used. Our research's foundation, this assessment of the literature, allows us to understand the breadth and depth of knowledge in this field.

First: An Appraisal of Financial Indicators for Local Government- A Structured Literature Review, Silvia Iacuzzi (2022): This study delves into financial indicators relevant to local governments (LGs) amidst their increasing financial obligations, the influence of global crises, and the rising adoption of accrual accounting and international standards. Its objectives include assessing the expansion of knowledge regarding financial indicators, examining consensus on the most suitable indicators for evaluating LGs' financial health, critically evaluating existing research, and offering recommendations for future research and policy directions. The research conducted an exhaustive literature review, with a focus on English-language publications addressing financial metrics for LGs.(Iacuzzi, 2021)

The results show that over the previous ten years, there has been a noticeable increase in the number of publications pertaining to financial indicators. Rather than providing a single set of indicators, the literature offers a diverse range of choices that are employed for four main goals: improving accountability and transparency, tracking performance and comparing it to benchmarks, assessing LGs' financial health, and handling external crises. Although liquidity and solvency indicators are the most frequently examined dimensions in academic research, there is no discernible convergence towards a set of indicators that is widely acknowledged despite the multiplicity of indicators.(Iacuzzi, 2021)

These results highlight the difficulties in standardizing financial metrics. It's crucial to remember that these conclusions are exclusively based on the examined research.

The findings provide legislators, public administrators, investors, and rating agencies with important insights into the trends, benefits, and limitations of financial indicators. This paper explores an aspect of the recent local government financial management reforms that has received less attention: the growing variance in LG metrics. The necessity for standardized assessment tools amid global crises impacting numerous nations and industries exacerbates this disparity. (Iacuzzi, 2021)

Second: Identifying the Key Indicators of Financial Stability and Financial Development- A Review of Financial Service Sector, Rahul Dhiman (2019): The current research intends to explore the major variables adopted in earlier studies for evaluating Financial Development and Stability, with the purpose of identifying acceptable markets. This research is structured as a systematic review and includes an evaluation of worldwide

papers that have been published in scholarly publications between 1991 and 2015. (Dhiman, 2018)

The research's findings reveal that the literature in the Financial Services sector exhibits a diversity of proxies and indicators for measuring both Financial Development and Stability. Notably, the private credit-to-GDP ratio is the variable that has attracted the most interest in empirical research on financial development. Granger causality Tests, which show different degrees of causation, including unidirectional, bidirectional, or no causality, are a common methodological technique used in the literature. (Dhiman, 2018)

Based on these results, the research implies that there might be chances to trade certain financial services in nations where the financial system is immature and full-scale financial sector deregulation is not advised. Therefore, it would be premature to rule out these nations as possible markets. (Dhiman, 2018)

Third: Hospitals and governmental entities have a longstanding tradition of utilizing financial Making the Case for Using Financial Indicators in Local Public Health Agencies, Virginia Suarez, Cheryll Lesneski, and Dwight Denison (2010): metrics for assessing operational and financial activity. Our evaluation of the literature focuses on the use of financial indicators by hospitals to manage financial risk, promote organizational sustainability, and improve overall performance. (Suarez et. al., 2011)

Since financial indicators are not frequently used by public health professionals, the investigate how local public health organizations might use these metrics to improve their organizational capacities. (Suarez et. al., 2011)

Financial ratios are frequently used to communicate financial indicators. Ratios are a strategic management tool that provide important stakeholders with a clear, methodical way to arrange the large amounts of data in financial statements (cash flow, income, and balance sheets) into insights that are useful. These financial ratios, which can be stated in a number of ways, including fractions or percentages, show the numerical or quantitative relationship between two objects or variables. (Suarez et. al., 2011)

Ratio analysis is important because it may be used to standardize formats throughout time and between organizations, making related information comparable. A single numerical number is meaningless in the absence of pertinent comparisons or background knowledge.

In order to detect trends over time, computed ratio values should be compared with historical ratios. Alternatively, they should be benchmarked against industry standards in order to evaluate target achievement and standard compliance. After then, this data is put to use for planning, analysis, decision-making, performance enhancement, and assessing the past and present financial standing of a business. Furthermore, by using financial ratio analysis methodically, businesses can forecast their operations and gain important insights into their prospects for the future.(Suarez et. al., 2011)

Four major facets of a firm are usually included in financial ratio analysis: operations, leverage, profitability, and liquidity. The organization's liquidity is evaluated based on whether it has enough cash or short-term assets to cover its short-term obligations in less than a year. Profitability assesses if day-to-day operations bring in enough money to pay for costs and encourage further investments in the goal of the business. Leverage ratios analyze the sources of funding for the organization's assets, with particular focus to the degree of long-term debt. Hospitals use measures like bed occupancy and mortality rates as examples of operations ratios, which are used to assess effectiveness and efficiency in a variety of settings. (Suarez et. al., 2011)

3.6.2. Literature Review Of The Quality Of Accounting Reports

In this section, delve into an examination of the existing literature regarding the quality of accounting reports. This literature review provides an overview of the body of knowledge related to the assessment and evaluation of the quality of financial reports produced by organizations. The explore various aspects and dimensions of accounting report quality, drawing insights from prior research and scholarly contributions. This review serves as a foundational backdrop for researchers and practitioners seeking to understand the factors, criteria, and methodologies employed in evaluating the quality of accounting reports. Additionally, it sheds light on the significance of high-quality financial reporting in promoting transparency, accountability, and informed decision-making within organizations and among stakeholders.

First: Derivative accounting and financial reporting quality: A review of the literature, Stephanie A. Hairston, Marcus R. Brooks (2018): The 2008 financial crisis made standard setters and financial regulators more vigilant about ensuring that derivative regulation improves the caliber of financial reporting. The degree to which financial statements provide information that proves useful to creditors and investors when making investment decisions has been characterized as financial reporting quality in a prior research. This review offers a succinct overview of the empirical results regarding the efficacy of derivative regulation in achieving its stated goal. (Hairston & Brooks, 2018)

The body of research suggests that although the regulations governing derivatives have improved the information accessible to investors, there is still opportunity for improvement. Based on the findings of this research, the Financial Accounting Standards Board (FASB) ought to think about requiring managers to disclose their derivative positions in a more thorough, transparent, and future-focused manner. This review presents a compilation of existing academic studies on the efficacy of current derivative regulation, making it a useful tool for standard setters, practitioners, and scholars in the subject of accounting. Moreover, this assessment could help identify areas that require additional scholarly research as the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) work to improve accounting regulations pertaining to derivatives. (Hairston & Brooks, 2018)

Although earlier research has explored a range of derivatives-related topics, it has not largely focused on accounting issues or the implications of derivative instruments for financial reporting. Our analysis of scholarly literature focuses specifically on how derivative regulation affects the caliber of financial reporting, in contrast to these previous evaluations. Specifically, examine empirical results concerning the effectiveness of derivative laws in improving the accuracy of financial reporting. (Hairston & Brooks, 2018)

Second: The Effect of Accounting Information System Quality on Accounting Information Quality, Faiz Said Bachmid (2016): The aim of this investigation was to evaluate the influence of the accounting information system's quality on the quality of accounting information. Within a corporation, the quality of accounting information determines whether decisions are made well or poorly. A high-quality accounting information system is essential for producing high-quality accounting information. The caliber of accounting information produced by an accounting information system is mostly determined by its own quality. Decision-making is greatly improved by high-quality information, which may result in higher revenues for the company. It's crucial to remember that even with excellent information, humans—who are by nature fallible—make decisions in the end because perfection is unachievable.(Bachmid, 2016)

Does the quality of the accounting information system affect the quality of accounting information? is the question this research aims to answer. The results of this literature research make it clear that there is a relationship between the caliber of accounting information and the caliber of accounting information systems. A research discovered a correlation between the quality of the accounting information system and the quality of the accounting information. (Bachmid, 2016)

Third: IFRS Adoption and Accounting Quality- A Review Naomi S. Soderstrom and Kevin Jialin Sun (2008): The European Union (EU) Parliament passed a law in 2002 mandating that, starting with fiscal years beginning on or after January 1, 2005, all EU-listed enterprises publish their financial information using International Financial Reporting Standards (IFRS). It is anticipated that this change in accounting standards will have a significant impact on the information landscape of EU-based businesses. This research article thoroughly examines the corpus of material that has been written about the implementation

of several generally accepted accounting principles (GAAP). As such, the offer insightful background information and suggestions for scholars who are examining the expected shifts in accounting standards that will occur after IFRS is widely adopted throughout the EU. The contend that differences in the quality of accounting across nations are likely to endure even after IFRS are adopted, as accountin.(Soderstrom & Sun, 2007)

Many research studies assessing the significance of earnings make the assumption that stock prices function as a succinct benchmark that includes all publicly valuable information. They next investigate the degree to which accounting statistics can explain this benchmark. The fact that investors cannot access the IFRS data until a year after the company has implemented IFRS, however, presents a significant issue. The authors of this research use the following year's stock prices as the dependent variable in order to solve this problem, and they get a result that is comparable. (Soderstrom & Sun, 2007)

Fourth: International Financial Reporting Standards' Adoption and Financial Statement Effects (Evidence from Listed Deposit Money Banks in Nigeria), Onipe Adabenege Yahaya¹, Musa Jimoh Yusuf, Isah Sule Dania (2019): Previous research on the effect of IFRS on bank financial statements served as the inspiration for this work. It looks at how the implementation of the International Financial Reporting Standards has affected bank financial statements. Pooled data is used to estimate and fit a regression model with dependent variables. (Adabenege et. al., 2015)

The findings demonstrate that the implementation of IFRS has had a favorable effect on a number of variables, including profitability and growth potential, in bank financial statements. The research also shows that the adoption of IFRS results in unstable income statement data because of the fair value perspective of IFRS. Subsequent investigations could pinpoint the precise clauses of IFRS that are accountable for the favorable influence on financial performance metrics. Standard makers can use this in-depth knowledge to enhance current accounting standards. To supplement the results presented here, more research should increase the research's sample size and duration. (Adabenege et. al., 2015)

Fifth: New Measure of Accounting Quality, Hribar, P., Kravet, T., & Wilson, R (2014): AThis research creates an audit fee-based gauge of accounting quality. Contend that unexplained audit fees ought to provide information concerning the caliber of the accounting,

taking a neoclassical perspective on the audit market. The results of the research show a positive correlation between our measure of unexplained audit fees and other empirical quality metrics. (Hribar et. al., 2014)

Research further indicate that our measure of accounting quality is progressively predictive of fraud, restatements, and SEC comment letters, allowing for other measures of quality. All things considered, that the data found in audit fees can be utilized to offer a different gauge of a company's accounting caliber. (Hribar et. al., 2014)

Sixth: Measuring the Effect of International Financial Reporting Standards on Quality of Accounting Performance and Efficiency of Investment Decisions, Alaa Malo-Alaina, Mahfod Mobarak Aldoserib, Magdy Abdul Hakim Melegyc (2020): The impact of adopting International Financial Reporting Standards (IFRS) on accounting performance quality and investment decision efficiency is examined in the evolving Saudi corporate landscape. This study conducts a content analysis of annual reports from Saudi companies listed on the stock exchange during two distinct periods: the pre-IFRS adoption phase in 2016 and the post-adoption phase spanning 2017-2018. The research evaluates accounting performance quality using variables such as accounting information, accounting conservatism, and earnings management. Additionally, it assesses the effectiveness of investment decisions through alternative criteria, including liquidity, cost of capital, and accounting profit quality(Malo-Alain et. al., 2021).

According to the research, the adoption of IFRS had a good effect on the caliber of accounting performance since it was inversely correlated with earning management and favorably correlated with information and accounting conservatism. Because IFRS was inversely correlated with cost of capital and positively correlated with both profit quality and liquidity, it also increases the efficiency of investment decisions. (Malo-Alain et. al., 2021)

Seventh: The Relationship between Audit Quality and Accounting Conservatism in the Iraqi Banks, Ali Mohammed Thijeel, Hakeem Hammood Flayyih, and Hassnain Raghib Talab (2018): This research's primary goal is to investigate and quantify the ideas and effects of audit quality on accounting conservatism. To obtain dependable results, the research used both SPSS and STATA as analytical tools. (Thijeel et. al., 2018)

The most significant finding among the research's many results is that, despite the financial statements of the Iraqi banks registered on the Iraqi Stock Exchange (ISX), the sample chosen was of excellent quality and did not restrict the application of accounting conservatism. (Thijel et. al., 2018)

Eighth: The Influence of System Quality and Information Quality on Accounting Information System (AIS) Effectiveness in Nigerian Banks, Shamsudeen Ladan Shagari, Akilah Abdullah, Rafeah Mat Saat (2015): In order to ensure efficient planning and decision-making, banks are confronted with the challenge of effectively designing, coordinating, and managing their Accounting Information System (AIS) in light of technological advancements and the globalization of large-scale businesses. Nigerian banks are beset with documented instances of ongoing system malfunctions, system error, and output inaccuracies, all of which are attributable to the system's inefficiency. (Ladan et. al., 2015)

On the other hand, the problems have received little attention. Thus, the impact of information and system quality on AIS efficacy is conceptualized in this article. It is an effort to provide a conceptual framework for figuring out how effective AIS is in the banking industry in Nigeria. The intention is to enable timely decision making and to give bank management sufficient information about how to take advantage of the anticipated advantages of AIS. (Ladan et. al., 2015)

Ninth: The Impact of the Reliability of the Accounting Information System Upon the Business Performance via the Mediating Role of the Quality of Financial Reporting, Ahmed Al-Dmour (2018): In this research, the quality of financial reporting plays a mediating role in the relationship between business performance and the dependability of the Accounting Information System (AIS) among Jordanian public listed companies. The AIS is based on the application of SysTrust's framework (principles and criteria) as an internal control method. To direct this investigation, an integrated conceptual framework was created using the literature review and contingency theory. (Al-Dmour, 2018)

Three main elements make up the conceptual framework of the research: the SysTrust framework (principles and criteria) was used to conceptualize and measure the dependability of AIS. Financial and non-financial variables were used to gauge business success, and the

core of the IASB framework were used to conceive and assess the caliber of financial reporting. Through the use of a self-administered questionnaire, PLCs on the Amman stock market provided 239 replies in total. The research's empirical results indicate that the quality of financial reporting plays a key mediating role in the considerable and positive relationship between business performance and the reliability of the AIS, which is based on the application of SysTrust's framework.(Al-Dmour, 2018)

Tenth: The Impact of Accounting Information Systems(AIS) on Performance Measures (Empirical Evidence in Spanish SMEs), Elena Urquía Grande, Raquel Pérez Estébanez, Clara Muñoz Colomina (2011): The research endeavors to quantify the relationship between AIS utilization by SMEs in Spain and improvements in productivity and performance metrics, based on empirical evidence derived from a survey conducted among these businesses. Subsequent analysis aims to discern the potential impact of AIS adoption on productivity enhancements and outcome indicator improvements (Grande et. al., 2011).

Among the intriguing findings, the discovered that improved performance metrics and SMEs using AIS for bank and fiscal management are positively correlated. This research delivers value added in accounting literature considering the shortage of works dealing with the relationship between the adoption and use of AIS and performance and productivity indicators in SMEs in Spain. (Grande et. al., 2011)

3.6.3. Literature Review Of The Banking Sector And The Privet Banks

The industry that includes financial institutions that offer a variety of financial services to people, companies, and governments is known as the banking sector. These services include taking deposits, making loans, helping with financial transactions, offering wealth management and investment services, and more. Because it makes money easier to move and supports economic activity, the banking industry is vital to the economy.

Conversely, banks in the private sector are owned and run by private persons, businesses, or other entities. These banks are typically impacted by competition and market factors and are motivated by profit. Private sector banks are renowned for their creativity and customer-focused methods, and they frequently provide a broad range of financial services and products. In the US, JPMorgan Chase, Citibank, and Wells Fargo are examples of private

sector banks; in India, HDFC Bank and ICICI Bank are examples; while in the UK, Barclays is an example.

Any economy needs the banking industry to function well because it makes saving, investing, and resource distribution easier. Additionally, it is essential to the payment and settlement systems, which form the framework for contemporary financial operations.

First: The Influential Factors on Capital Adequacy Ratio in Iranian Banks, Leila Bateni, Hamidreza Vakilifard, and Farshid Asghari (2014): One essential condition that banks and other financial organizations must meet is maintaining a sufficient and adequate level of capital. To maintain their stability, these institutions must carefully consider the risks attached to their assets and the amount of capital they own. As a result, this has become one of the most important requirements for depository institutions. (Bateni et. al., 2014)

This research explores the variables that have a major impact on capital sufficiency in Iranian private banks between 2006 and 2012. Our research reveals a number of significant relationships:

- a. **Bank Size:** There is a drawback Correlation between the size of a bank and its capital adequacy ratio. Put another way, the capital adequacy ratios of larger banks are typically lower.
- b. **Loan Asset Ratio (LAR):** The capital adequacy ratio and the loan asset ratio (LAR) have a positive relationship. This implies that banks tend to have stronger capital adequacy when there is a greater percentage of loans in their asset portfolio.
- c. **Return on Equity (ROE):** A favorable There is a correlation found between the capital adequacy ratio and return on equity (ROE). Stronger capital positions are typically found in banks with better returns on equity.
- d. **Return on Asset (ROA):** Likewise, there exists a positive correlation between the capital adequacy ratio and Return on Asset (ROA). Banks with superior capital adequacy typically have higher returns on their assets.
- e. **Equity Ratio (EQR):** The Equity Ratio(EQR) also demonstrates a Positive Correlation with the capital adequacy ratio. Stronger capital adequacy is typically exhibited by banks with a larger percentage of equity in their capital structure.

- f. **Risk Asset Ratio (RAR) and Deposit Asset Ratio (DAR):** The capital adequacy ratio does not seem to be significantly impacted by the risk asset ratio (RAR) or the deposit asset ratio (DAR). (Bateni et. al., 2014, p.29)

Second: Determinants of Profitability in Turkish Banking Sector (2002-2007), Güven Sayilgan and Onur Yildirim(2009): This research looks at the variables that affected Turkish banks' returns on equity (ROE) and assets (ROA) between 2002 and 2007. The analysis uses a multi-variable single-equation regression approach and is based on monthly data and the aggregated balance sheets of the institutions. (Sayilgan & Yildirim, 2009)

The following variables have statistically significant effects on profitability measures, according to the regression research results:

- a. A negative impact on profitability indicators is caused by inflation in the consumer price index and the first discrepancy between the ratio of off-balance sheet transactions to total assets.
- b. In contrast, profitability indicators are positively and statistically significantly impacted by the initial differences of the industrial production index, the budget balance to the index, and the equity to total assets ratio. (Sayilgan & Yildirim, 2009)

Previous financial crises in a number of nations have shown that problems in the banking industry can have far-reaching effects, influencing the economy as a whole and leading to major disasters. It is clear that the banking industry plays a bigger and bigger role in promoting economic growth and preserving macroeconomic stability as its proportion of the financial system rises. Interestingly, the banking industry in Turkey held a significant 88% share of the country's financial sector at the end of 2007, demonstrating its dominance in the market. (Sayilgan & Yildirim, 2009)

A banking sector's ability to withstand setbacks is inextricably connected to its profitability, which can be used to support internal financing and strengthen the sector's capital structure. However, the variables affecting the profitability of the industry may also alter over time as the macroeconomic and legal environments surrounding the banking system change. Since 2002, Turkey's macroeconomic situation has improved. Additionally, the country has worked to recapitalize and reform the banking industry, attracted more foreign investment, and made preparations for the Basel-II Accord's implementation.

(Sayilgan & Yildirim, 2009). It's possible that these changes have changed the factors that determine profitability in the Turkish banking industry as compared to earlier times. Thus, even though there aren't many of these studies, the main goal of this one is to examine the variables that affected profitability between 2002 and 2007 and contrast the results with those of previous research. (Sayilgan & Yildirim, 2009)

After 2001, Turkey's economy and banking industry underwent such significant changes that 2002 is commonly regarded as a fundamental turning point for the nation. As a result, research that only looks at the post-2001 era or that combines the pre-2002 and post-2001 periods may not adequately represent the distinctive dynamics influencing the banking industry's profitability in the context of the changing legal and economic landscape. (Sayilgan & Yildirim, 2009)

Third: Ownership structure, risk and performance in the European banking industry, Giuliano Iannotta, Giacomo Nocera, and Andrea Sironi (2007): Following 2001, there were such significant changes to the Turkish economy and banking industry that 2002 is commonly acknowledged as a structural turning point for the nation. The distinct dynamics controlling the banking sector's profitability within the new legal and economic framework may therefore be missed by studies that either do not include the post-2001 period or that combine the pre-2002 and post-2001 years.(Iannotta et. al., 2007).

The identified three key findings from the research:

- a. ***Ownership Impact on Profitability:*** Even though they had lower operating expenses than privately owned banks, mutual banks and government-owned banks tended to be less profitable after the adjusted for a number of variables, (bank-specific characteristics, country-specific factors, and temporal impacts).
- b. ***Loan Quality and Risk Profiles:*** Public sector banks displayed a lower quality of loans and a higher probability of insolvency when compared to other types of banks. Comparing mutual banks to private and public sector banks, however, revealed reduced asset risk and greater loan quality...
- c. ***Ownership Concentration:*** there are increased ownership concentration was linked to better loan quality, lower asset risk, and less insolvency risk, even though it had no discernible effect on a bank's profitability.(Iannotta et. al., 2007).

These findings, in conjunction with disparities in asset composition and funding strategies, suggest the presence of distinct financial intermediation models for the various ownership forms of banks. (Iannotta et. al, 2007)

The research highlights the significance of ownership structures and concentration in determining the risk profiles and financial performance of major European banks. It also clarifies how these characteristics can affect the banking environment in the area. The second chapter, "Literature Review," delves into the complex relationships between financial indicators, the caliber of accounting reports, and the changing banking environment in northern Iraq. This chapter provides a thorough summary of the body of research that has already been done in these areas, laying a vital foundation for the research..

3.7. RESEARCH METHOD

This chapter outlines the research methodology employed in the present research. A sound research methodology is crucial for ensuring the validity, reliability, and rigor of any research endeavor. It serves as the foundation upon which the research is built and offers a systematic approach to answering research questions, testing hypotheses, and drawing meaningful conclusions. In this chapter, the detail the materials, methods, and techniques used to collect, analyze, and interpret data in pursuit of our research objectives.

Research methodology is the heart of any scientific inquiry. It provides the systematic framework through which researchers gather, analyze, and interpret data, ultimately aiming to answer research questions, test hypotheses, and contribute valuable insights to a specific field of research. In this chapter, delve into the intricate details of the research methods and techniques employed to conduct our investigation.

In our pursuit to unravel "The Effect of Financial Indicators on the Quality of Accounting Reports in the Banking Sector: Implementation of Private Banks in Northern Iraq," the choice of research methodology becomes not just a procedural necessity but a critical foundational element. This chapter delves into the intricacies of our chosen research methods and techniques, which serve as the compass guiding our exploration of this vital topic.

3.7.1. Materials and Methods

The research on (The Effect of Financial Indicators on the Quality of Accounting Reports in the Banking Sector: Implementation of Private Banks in Northern Iraq) employs a systematic and analytical approach to investigate the impact of the Financial Indicators on a Quality of Accounting Reports through a set of financial indicators of profitability, efficiency and Growth as intermediation variables.

3.7.2. Data Collection and Questionnaires

In our quest to examine (The Effect of Financial Indicators on the Quality of Accounting Reports in the Banking Sector: Implementation of Private Banks in Northern Iraq), robust data collection methods are paramount to ensure the depth and accuracy of our research. This section illuminates our data collection process, with a specific focus on the use of questionnaires as a primary instrument.

First: Data Collection: The process of data collection is a fundamental aspect of this research. In this section, the elucidate the strategies employed to gather primary data, emphasizing the sources, instruments, and techniques used to collect information relevant to our research. (Frechtling, 2022, p.44)

Data collection serves as the bedrock of our research. In this section, the elucidate the strategies, instruments, and methodologies used to acquire the primary data necessary for our research. (Hox & Boeijs, 2005, p.21) The discuss the sources of data, the development and validation of data collection instruments, and the ethical considerations that guided our data collection process. (Kabir, 2016, p.271)

The bedrock of our research is the meticulous collection of data. In this section, the lay bare the strategies, instruments, and methodologies deployed to acquire the primary data indispensable to our research. Delve into the sources of data, the development and validation of data collection instruments, and the ethical considerations that underpin our data collection process. (Olsen, 2012, p.12)

The research on (The Effect of Financial Indicators on the Quality of Accounting Reports in the Banking Sector: Implementation of Private Banks in Northern Iraq) employs a systematic and analytical approach to investigate the impact of (The Effect of Financial Indicators on the Quality of Accounting Reports).

There are(two) distinct types of data used in research and data analysis (Primary Data) and (Secondary Data; this section outlines the materials used and the methodology employed in the research and here's a brief explanation of each:

- a. *Primary Data:*** The research collects primary data through structured questionnaires administered to the (Chief Executive Officer CEO, Board of Directors, Managers, and Heads of Departments and Units) in(the Private Banks in Northern Iraq).

These questionnaires aim to gather insights into the specific(Effect of Financial Indicators on the Quality of Accounting Reports in the Private Banks in Northern Iraq). Here's a brief explanation of the Primary Data:

- ***Definition of Primary Data:*** Primary data are those that are gathered by the researcher for a particular research objective directly from original sources or personally. It is data that is collected for a specific research or investigation rather than data that already exists.(Hox & Boeijs, 2005, p.21)
- ***Collection Methods of Primary Data:*** Surveys, interviews, observations, experiments, questionnaires, focus groups, and direct measurements are some of the common techniques used to gather primary data. Researchers create and carry out these techniques for gathering data in order to speak with subjects, objects, or phenomena directly.(Frechtling, 2022, p.45)
- ***Characteristics of Primary Data:*** Primary data is specific to the research objectives and context. It is often considered more accurate and relevant to the research because it is tailored to the research's needs. However, collecting primary data can be time-consuming and costly.(Olsen, 2012, p.12)
- ***Examples of Primary Data:*** If research conduct surveys to gather information about customer preferences for a new product, the responses research receive from the survey participants constitute primary data.

- b. *Secondary Data:*** The research relies on secondary data from published reports, academic papers, professional accounting and auditing standards, and relevant regulatory guidelines related to(The Effect of Financial Indicators on the Quality of Accounting Reports).(Frechtling, 2022, p.45)

This data provides context, theoretical framework, and prior findings for the research; here's a brief explanation of some of the Secondary Data:

- **Definition of Secondary Data:** Data that has previously been gathered by another party for a reason other than the current research effort is referred to as secondary data. It is information that is already available in pre-existing sources, including government reports, books, journals, databases, and datasets compiled by other academics.(Rimando et. al., p.2027)
- **Sources of Secondary Data:** A variety of sources, (published works, internet databases, archives, government agencies, and groups that have gathered and recorded data for their own objectives), can provide secondary data.(Taherdoost, 2016, p.21)
- **Characteristics of Secondary Data:** Secondary data is readily available, cost-effective, and time-efficient because it doesn't involve the collection process. However, it may not be tailored to research specific research needs, and its quality and relevance can vary.(Rimando et. al., p.2028)
- **Examples of Secondary Data:** Using historical financial reports of a company from publicly available sources, analyzing census data, or reviewing previous research studies on a related topic are all examples of utilizing secondary data.(Hox & Boeijs, 2005, p.24)

In many research projects, a combination of primary and secondary data is used. Researchers often start by examining existing secondary data to gain insights, build a foundation, or inform their research questions. Then, if necessary, they may collect primary data to address specific research objectives or to fill gaps in the existing information. The objectives of the research, the available funds, and the presence of pertinent data sources all influence the decision between primary and secondary data.(Taherdoost, 2016, p.22)

Second: Questionnaires: In our pursuit of understanding(The Effect of Financial Indicators on the Quality of Accounting Reports in the Banking Sector, with a specific focus on the Implementation of Private Banks in Northern Iraq), the employed a comprehensive data collection strategy. This section focuses on the use of questionnaires as one of our primary instruments for gathering essential data.

a. **Rationale for Questionnaires:** Questionnaires were chosen as a data collection method due to their efficiency, reach, and ability to solicit valuable insights from key stakeholders within the private banking sector of Northern Iraq. The following points elucidate our rationale:

- **Broad Coverage:** Questionnaires allow us to reach a diverse and geographically dispersed population of private banks, ensuring a representative sample.(Frechtling, 2022, p.46)
- **Structured Data:** The structured nature of questionnaires facilitates the collection of specific and standardized data on financial indicators and accounting report quality.
- **Efficiency:** Questionnaires are a time-efficient means of data collection, enabling us to obtain responses from a significant number of participants within a reasonable timeframe.
- **Data Control:** By designing the questionnaire, we could control the questions and variables of interest, aligning them closely with our research objectives.

b. **Questionnaire Design:** The questionnaire used in our research was meticulously designed to align with the research objectives and to gather data on the following aspects:

- **Financial Indicators:** The included questions related to key financial indicators, allowing us to assess the financial health and performance of private banks.(Hox & Boeije, 2005, p.26)
- **Quality of Accounting Reports:** To evaluate the quality of accounting reports, the questionnaire contained inquiries focused on accuracy, transparency, and adherence to accounting standards.(Hribar et. al., 2010, p.23)
- **Demographic Information:** Demographic questions were included to classify respondents based on factors (bank size, location, and operational characteristics) (Frechtling, 2022, p.46).

3.7.3. Sampling

Sampling is a crucial aspect of our research design. research explain the principles behind our sampling methodology, including the selection criteria, sample size, and sampling

techniques utilized to ensure the representativeness of our research population. It is a pivotal component of our research design. The offer into the principles behind our sampling methodology, emphasizing the criteria for sample selection, the determination of sample size, and the techniques employed to ensure that our sample is representative of the broader population. (Bhardwaj, 2019, p.18)

First: The Rationale of Sampling: In this section, research elucidate the approach taken to select the sample of participants for our research research. Given the scope and objectives of our research, a well-considered sampling strategy is essential to ensure the representativeness and relevance of our findings. (Ary et. al., 1972, p.22)

Second: Sampling Design

- a. **Population Definition:** Our research focuses on the banking sector in Northern Iraq, with a particular emphasis on private banks. The population of interest comprises all private banks operating in this region.(Babbie, 1983, p.13)
- b. **Sampling Frame:** To create a sampling frame, the compiled a comprehensive list of all private banks currently operating in Northern Iraq. This list served as the foundation for our sampling process.(Sax, 1979, , p.22)
- c. **Sample Size Determination:** The determination of an appropriate sample size is a critical step in the sampling process (Yount, 2006). Given resource constraints and the need for meaningful results, the selected a sample size of (80) form of questionnaires.
- d. **Sampling Technique:** To choose our sample from the sampling frame, the used a systematic random sampling technique.(Churchill, 1979, p.34) This technique ensures that each private bank operating in Northern Iraq had an equal chance of being included in the sample.
- e. **Sampling Units:** The sampling units in our research were individual private banks within Northern Iraq's banking sector. Each selected bank was treated as a separate sampling unit.

Third: Sample Selection Process: Our sampling process unfolded in the following manner:

- a. The obtained a list of private banks operating in Northern Iraq from reliable sources, including regulatory authorities and industry reports;
- b. Using a systematic random sampling approach, the selected(four) private banks from the compiled list, (Cihan Bank for Islamic Investment and Finance, Region Trade Bank-RT Bank, Bank of Baghdad, and Iraqi Islamic Bank for Investment and Development). Each selected bank was assigned a unique identifier, and the sampling interval was determined based on the total number of banks; and
- c. To ensure that the sample is representative of the entire population of private banks in Northern Iraq, the verified that the selected banks spanned a range of sizes, geographical locations, and operational characteristics.

Fourth: Research Community and Sample

- a. ***Understanding the Context:*** To fully comprehend the dynamics at play within our research on(The Effect of Financial Indicators on the Quality of Accounting Reports in the Banking Sector with a specific focus on the Implementation of Private Banks in Northern Iraq), it is paramount to establish a robust understanding of the contextual factors and the composition of our research community. The main features of our research population are highlighted in this part, together with relevant contextual information and demographic data. Furthermore, the offer an understanding of our sampling approach and the standards that guide the choice of our research sample.
- b. ***Research Community Profile:*** The research community for our research is grounded in the private banking sector of Northern Iraq. Specifically, the focus on private banks operating within this region. To elucidate the context for our research, the present a comprehensive profile of this research community, which includes demographic characteristics and pertinent contextual factors unique to the private banking sector in Northern Iraq.
- c. ***Demographic Characteristics:*** Our research community comprises private banks of varying sizes, operational scopes, and geographical locations across Northern Iraq. It encompasses a diverse array of banking institutions, each contributing to the broader financial landscape of the region.

d. Contextual Factors: Within the research community, delve into contextual factors (regulatory frameworks, economic conditions, and market dynamics) that shape the banking sector in Northern Iraq. Understanding these factors is vital for interpreting our research findings in their proper context.

Fifth: Rationale for Sample: To derive meaningful insights from our research, the selected a representative sample from the private banks operating in Northern Iraq. This sample is instrumental in examining the interplay between financial indicators and the quality of accounting reports.

Sixth: Sample Size and Selection: Our research sample consisted of(four) private banks, meticulously chosen using a systematic random sampling technique. This technique was deployed to ensure that the selected banks are a true reflection of the entire population of private banks in Northern Iraq.

3.7.4. Ethical Considerations

Ethical considerations are paramount in our research endeavor, guiding every step of our research as the explore (The Effect of Financial Indicators on the Quality of Accounting Reports in the Banking Sector, with a specific focus on the Implementation of Private Banks in Northern Iraq). The are committed to upholding the highest ethical standards to ensure the integrity and fairness of our research.

3.7.5. Ethical Principles

In our research journey, the adhere to a set of stringent ethical principles to safeguard the rights and well-being of all participants, maintain data confidentiality, and uphold the credibility of our findings.(European Commission, 2018, p.17) These principles are embedded in every facet of our research, including:

First: Permissions: The obtained all necessary permissions and approvals from relevant authorities to conduct our research within the private banking sector of Northern Iraq.

Second: Data Confidentiality: The prioritize the confidentiality of sensitive information and data provided by participants, ensuring that all responses are anonymized and protected from unauthorized access.

Third: Impartiality and Fairness: Our research processes are characterized by impartiality and fairness. We treat all research subjects equitably, irrespective of their affiliations or positions within the private banking sector.

3.7.6. Ethical Guidelines

Our commitment to ethical research extends to following established ethical guidelines and principles that inform our research. These guidelines are instrumental in fostering trust, transparency, and credibility throughout the research process. (Barrow et. al., 2022, p.30)

The ethical considerations are woven into the very fabric of our research. They guide our interactions, decisions, and methodologies, reinforcing our dedication to safeguarding the rights and well-being of all involved parties and upholding the highest standards of research integrity within the context of our research.

3.7.7. Research Approach

Our research methodology is the cornerstone of this research, shaping our approach to data collection and analysis. This section delves into the comprehensive research approach we have adopted, which harmoniously combines quantitative methodologies. We elucidate the procedures, tools, and techniques employed, underlining the rationale guiding our choices and their alignment with the overarching objectives of our research.

3.7.8. Methodological Techniques

Our methodology encompasses a range of techniques designed to provide a holistic understanding of the research questions. These techniques include:

First: Descriptive Analysis: The use of descriptive analysis to shed light on the research participants' demographic features, including their experience as bankers. Key statistical metrics, such as mean and standard deviation, are utilized to provide an extensive summary of the collected data.

Second: Content Analysis: A vital technique for examining and classifying answers from interviews and open-ended survey or questionnaire questions is content analysis; it allows us to find recurrent themes and patterns related to the Financial Indicators that influenced the Quality of Accounting Reports in the Private Banks in Northern Iraq.

Third: Statistical Analysis: In our research, the application of statistical analysis plays a pivotal role in shedding light on the intricate relationship between Financial Indicators and the quality of accounting reports within the private banking sector of Northern Iraq. This step is essential to move beyond simple observations and uncover deeper insights.

In essence; through our statistical analysis, the aim to provide a rigorous and evidence-based understanding of how Financial Indicators and specific considerations are linked to the quality of accounting reports in private banks in Northern Iraq.

The research methodology is meticulously designed to provide a comprehensive approach to address the research questions central to our research. It is characterized by a thoughtful combination of quantitative research methods and leverages a variety of analytical techniques to ensure a robust foundation for our investigation. Here's a more detailed explanation of this summary:

- a. **Holistic Approach:** Our research methodology is holistic, meaning it covers a wide range of aspects related to our research questions. The don't limit ourselves to one type of data or analysis; instead, the embrace both quantitative perspectives.(Feurer & Chaharbaghi, 1994, p.10)
- b. **Quantitative Approaches:** The combine quantitative research techniques. This means that in addition to using data from statistics and figures, the also collect rich data via questionnaire replies and interviews.(Abuhamda et al, 2021, p.67)
- c. **Analytical Techniques:** The employ various analytical techniques, including descriptive analysis to summarize demographic data, content analysis to identify patterns in responses, and inferential statistics (regression analysis to establish relationships between variables)(Barnham, 2015, p.25).
- d. **Research Objectives Alignment:** All our methodological choices are carefully aligned with our research objectives. The don't collect data or use techniques arbitrarily; each step is chosen to serve the purpose of our research.(Yilmaz, 2013, p.64)
- e. **Robust Foundation:** Our overarching aim is to create a solid and reliable foundation for investigating the relationship between financial indicators and the quality of

accounting reports within the private banking sector of Northern Iraq. This means our findings will be based on rigorous analysis and a well-structured research approach.

Essentially; our research methodology is the roadmap that guides us through the complex terrain of our research, ensuring that we leave no stone unturned in our quest to uncover the intricate dynamics between financial indicators and accounting report quality in Northern Iraqi private banks.

3.7.9. Research Instruments

This section delineates the instruments and tools employed for data collection. We elaborate on the development, validation, and administration of these instruments, emphasizing their Reliability and Validity. (Creswell & Miller, 2000, p.17)

The instruments and tools used for data collection play a pivotal role in the quality and reliability of our research. Here, we offer a detailed exposition of the development, validation, and administration of these instruments, highlighting their Reliability and Validity as key factors in our research methodology. (Lincoln & Guba, 1985, p.47)

The instruments and tools wield for data collection are instrumental in ensuring the reliability of our research. In this section, we offer a detailed exposition of the development, validation, and administration of these instruments, emphasizing their Reliability and Validity as cornerstones of our research methodology. (MacMillan and Schumacher, 2001)

A questionnaire was given to (80) bankers working in Northern Iraq; in order to accomplish the research's goals, after removing incorrect forms or those that were not received by the researcher, the number of correct questionnaires was (80), or (100%) of the total number of questionnaires distributed. The three axes of the questionnaire were reviewed by three bankers and six academics to ensure clarity, linguistic integrity, and suitability of the content for the intended purpose, they are presented in the Appendix I.

The research was extracted and analyzed using the (SPSS) statistical program and the appropriate statistical instruments in order to reach valuable indications and indicators that support the subject of the research. The questionnaire includes (53) questions distributed over three axes, as shown in the Appendix I.

3.7.10. Research Method

Understanding the context and composition of the research community is essential for contextualizing our research findings. Here, we describe the characteristics of the research population, including demographic information and relevant contextual factors. We also provide insights into the sampling strategy and criteria used to select the research sample.

The choice of research method significantly influences the outcomes of our research. In this section, we elucidate the specific methodological framework employed, encompassing research design, data collection, and analytical procedures. We also highlight the rationale behind our methodological choices, underscoring their alignment with our research objectives.

Our choice of research method significantly shapes the contours of our research. In this section, we elucidate the specific methodological framework we embrace, encompassing research design, data collection, and analytical procedures. We underscore the rationale behind our methodological choices, highlighting their resonance with our research objectives and the unique dynamics of the private banking sector in Northern Iraq.

The descriptive and deductive approaches will be relied on, and with regard to the theoretical part, reference will be made to domestic and foreign literature represented by books, theses, dissertations, research and published and unpublished periodicals, as well as the publications of international accounting associations and organizations, as well as instructions issued by the competent authorities and websites related to the subject of the research; as for the practical Part(A) questionnaire will be used to Test the hypotheses, and analyses them using the(SPSS) program.

3.7.11. Data Analysis

Data analysis is central to the research process, enabling us to derive meaningful insights from the collected data. In this section, the present a comprehensive overview of the data analysis techniques utilized, categorized into descriptive and inferential statistics methods.

Descriptive statistics serve to summarize and explore our dataset. Delve into the statistical techniques used to calculate measures such (the arithmetic mean, standard deviation, and tests including the t-test, F-test, ANOVA table, and R Square R^2). These tools provide a foundational understanding of our data.

Data analysis is the crucible where raw data is transformed into actionable insights. In this extensive section, the present a comprehensive overview of the data analysis techniques at our disposal, categorized into descriptive and inferential statistics methods.

The collected data was analyzed according to the quantitative method: Here, a number of numerical data are used to calculate the answers, and it consists of two methods: (The descriptive statistics methods and the inferential statistics methods).

3.8. DATA ANALYSIS AND INTERPRETATION

This part of the research is a turning point since it presents the results of a great deal of data collecting, careful analysis, and interpretation. The empirical findings from the research are presented and discussed in this chapter, providing insights into the complex relationship between financial indicators and the caliber of accounting reports in Northern Iraq's private banking industry.

This chapter's main goal is to empirically examine the research issues and hypotheses that are presented. The attempt to clarify the nuances surrounding the influence of financial indicators on the caliber of accounting reports by means of a methodical examination of the data, supporting our arguments with quantitative data.

The present the data gathered for this investigation in this section, giving a thorough rundown of all the variables and metrics used. The financial indicators, accounting report quality measurements, and any other pertinent factors that support our research are all included in the data presentation..

3.8.1. Data Presentation

This section effectively outlines research data collection process and how research have organized the questionnaire. It sets the stage for the subsequent data analysis and interpretation, allowing readers to understand the structure of research data and the distribution of statements across different axes.

First: Data Collection: The research distributed(80) questionnaires form across several banks in Northern Iraq, (20) form for every bank, including(Cihan Bank for Islamic Investment and Finance, Region Trade Bank-RT Bank, Bank of Baghdad, and Iraqi Islamic Bank for Investment and Development).

Second: The Questionnaire Axes: Research organized the questionnaire into different axes (Axis I, Axis II, Axis II-A, Axis II-B, Axis II-C, Axis II-D, Axis II-E, and Axis III). Each axis contains a specific number of statements, and we've provided the range of statement numbers and the percentage of statements for each axis out of the total number of statements (53).

- **Axis I: Internal Factors Affecting the Quality of Accounting Reports in Private Banks in Northern Iraqi Private Banks:** Contains (10) statements, (from statement 1 to statement 10), which account for (18.87%) of the total statements.
- **Axis II: The Impact of External Factors on the Preparation and Disclosure of Financial Indicators, (Profitability, Efficiency, and Growth Indicators), and their Effect on the Quality of Accounting Reports in Private Banks in Northern Iraq:** Consists of (30) statements(from statement 11 to statement 40), making up(56.61%) of the total statements.
- **Axis II-A: External Factors Shaping Financial Indicator Implementation and Accounting Report Quality in Northern Iraqi Private Banks:** Includes (6) statements(from statement 11 to statement 16), representing(20%) of the Axis II statements.
- **Axis II-B: The Influence of Profitability as one of a Financial Indicator Calculation and Interpretation on Accounting Report Quality in Private Banks of Northern Iraq:** Comprises(6) statements(from statement 17 to statement 22), also representing(20%) of the Axis II statements.

- **Axis II-C: The Influence of Efficiency as one of the Financial Indicator Calculation and Interpretation on Accounting Report Quality in Private Banks of Northern Iraq:** Contains(6) statements(from statement 23 to statement 28), accounting for(20%) of the Axis II statements.
- **Axis II-D: The Impact of Growth Indicators on the Quality and Strategic Role of Accounting Reports in Private Banks of Northern Iraq:** Encompasses 6 statements (from statement 29 to statement 34), making up 20% of the Axis II statements.
- **Axis II-E: The Strategic Role of Financial Indicators in Enhancing the Quality of Accounting Reports in Private Banks Operating in Northern Iraq:** Includes 6 statements(from statement 35 to statement 40), accounting for 20% of the Axis II statements.
- **Axis III: The Reflection of Financial Indicators, (Profitability, Efficiency, and Growth Indicators), on the Quality of Accounting Reports:** Contains 13 statements (from statement 41 to statement 53), making up 11.32% of the total statements.

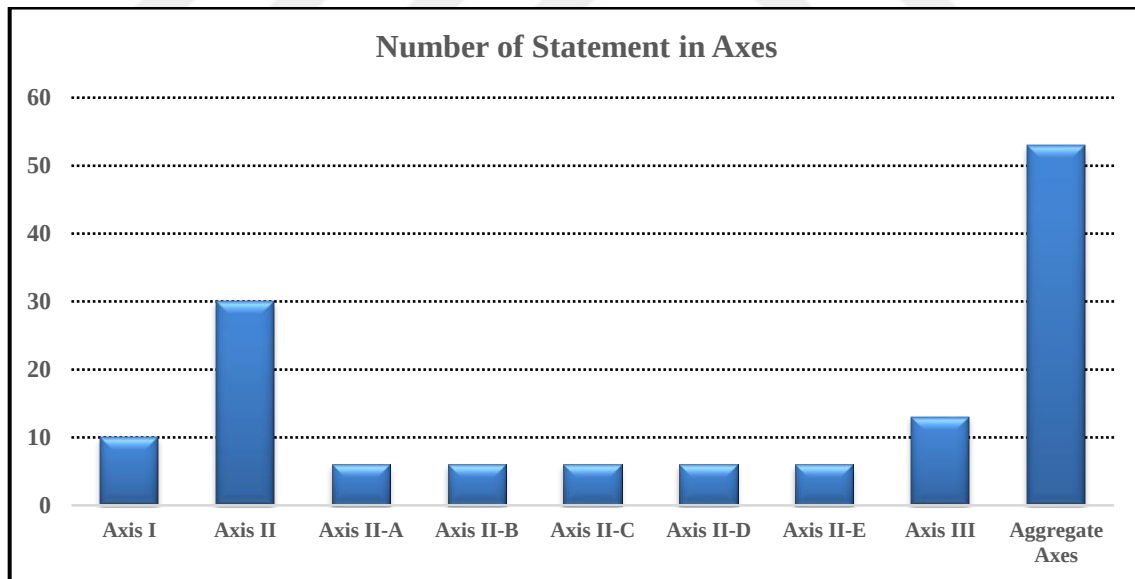
This breakdown of research questionnaire axes and the percentage distribution of statements provide clarity on how research structured the data collection instrument.

Overall, the questionnaire axes have been structured to systematically explore the various dimensions of research topic. This organization allows to collect data on specific aspects of financial indicators, external factors, and accounting report quality, which can later analyze to draw meaningful conclusions.

Table 3.1.: The Questionnaire Axes

Axis No.	Statement No.	from-to Statement No.	Percent(%)
Axis I	10	1-10	18.87 from 53 Statement
Axis II	30	11-40	56.61 from 53 Statement
Axis II-A	6	11-16	20 from 30 Statement
Axis II-B	6	17-22	20 from 30 Statement
Axis II-C	6	23-28	20 from 30 Statement
Axis II-D	6	29-34	20 from 30 Statement
Axis II-E	6	35-40	20 from 30 Statement
Axis III	13	41-53	11.32 from 53 Statement
Aggregate Axes	53	53	100

Source: The table was prepared by the researcher based on Appendix I

**Figure 3.1.: Number of Statement in Axes**

Source: The figure was prepared by the researcher based on Table (3.1.).

3.8.2. Descriptive Statistics for Respondent Characteristics

A collection of summary metrics and methods known as descriptive statistics are employed to characterize and enumerate a dataset's primary characteristics. They make the data easier to understand and interpret by giving a succinct and unambiguous summary of its

features. Central tendency, dispersion, and distribution measures are examples of common descriptive statistics.

When first examining and comprehending data, descriptive statistics are vital. They can provide light on trends, anomalies, and the general structure of the dataset—all of which are essential for additional investigation and hypothesis testing. These figures, which condense the questionnaire replies, offer insightful information on how financial factors affect the caliber of accounting reports in Northern Iraqi banks.

Here are some of descriptive statistics of the Personal's Information of Respondents:

First: The Respondent's Gender: Table (3.1.) provides information about the gender distribution of the respondents in research. Here's how to interpret the table:

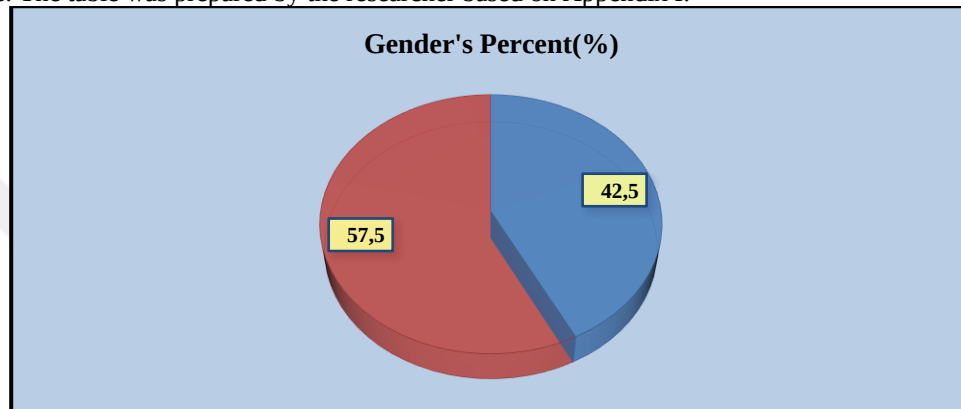
- **Gender:** This column indicates the categories of gender, which in this case are (Male) and (Female).
- **Number:** The number of responders that fit into each gender category is displayed in this column. For instance, there were 46 female and 34 male responders.
- **Percent (%):** The percentage of respondents in each gender category as a percentage of all respondents is shown in this column. It displays the percentage of men and women in the research sample.
- **Total:** This row provides the sum of the counts for each gender category, which equals the total number of respondents in research (80 in this case).

From this table, Table (3.1.), the can see that the majority of research respondents were female, accounting for (57.50%) of the total, while male respondents made up(42.50%) of the total. This information is important for understanding the demographic composition of research's participants and can be useful for further analysis or discussion on the impact of financial indicators on accounting report quality in the banking sector of Northern Iraq.

Table 3.2.: The Respondent's Gender

Gender	Number	Percent(%)
Male	34	42.50
Female	46	57.50
Total	80	100.00

Source: The table was prepared by the researcher based on Appendix I.

**Figure 3.2.: Gender's Percent(%)**

Source: The figure was prepared by the researcher based on Table (3.2.).

Second: The Respondent's Research Level: Table (3.2.) presents information about the educational background of the respondents in the research. Here's how research can interpret and explain this table:

- **Doctorate:** There are (2) respondents, (2.50%), in research sample who hold a doctorate degree.
- **Master's degree:** The (3) respondents, (3.75%), have a master's degree.
- **Postgraduate diploma:** (1) respondent, (1.25%), holds a postgraduate diploma.
- **Bachelor's degree:** The majority of respondents, (61) individuals, (76.25%), have a bachelor's degree.
- **Diploma:** (13) respondents, (16.25%) have a diploma.
- **Total:** In total, the research collected responses from 80 participants.

This table provides valuable information about the educational qualifications of research respondents. It can be useful in the research analysis when considering how different levels of education might influence their perspectives on financial indicators and accounting

reports. For example, research might explore whether respondents with higher education levels have different opinions or priorities compared to those with lower education levels.

Including this information in research helps establish the demographics of research sample and allows to segment the research analysis based on educational backgrounds if needed. It also provides context for understanding the expertise and knowledge levels of research respondents when evaluating their responses to the questionnaire.

Table 3.3.: The Respondent's Research Level

Research Level	Number	Percent(%)
Doctorate	2	2.50
Master's degree	3	3.75
Postgraduate diploma	1	1.25
Bachelor's degree	61	76.25
Diploma	13	16.25
Total	80	100.00

Source: The table was prepared by the researcher based on Appendix I.

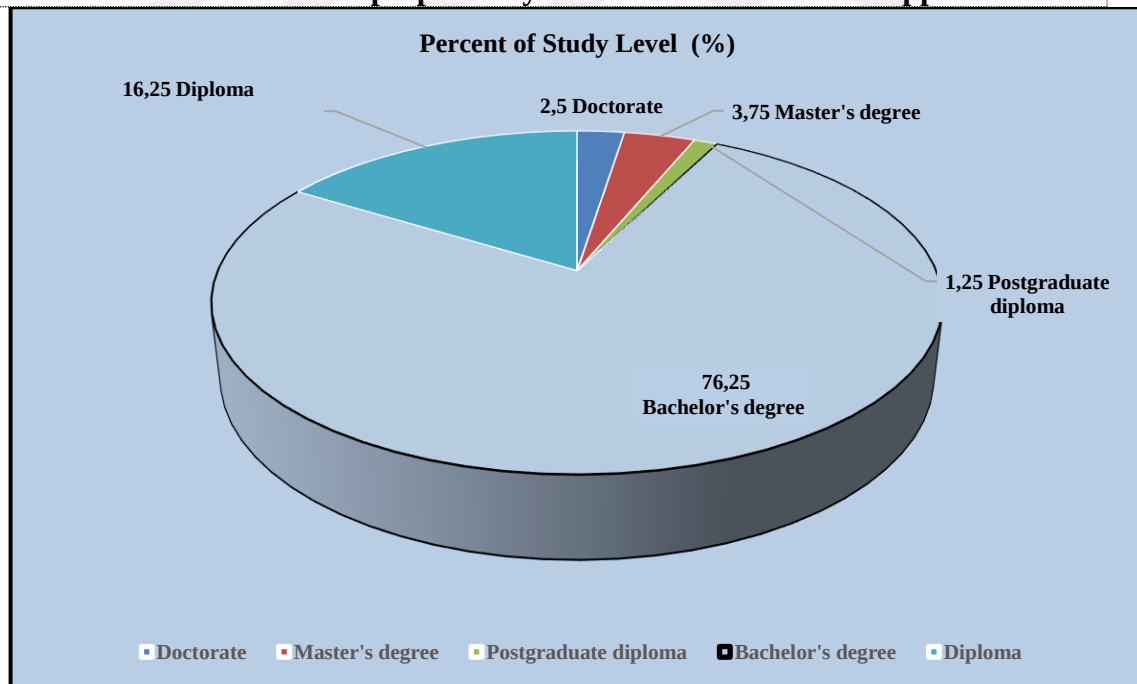


Figure 3.3.: The Respondent's Research Level (%)

Source: The figure was prepared by the researcher based on Table (3.3.).

Third: The Respondent's Work Experience(Year): Table (3.3.) presents information about the work experience of the respondents in terms of the number of years they have worked. Here's how to interpret the table:

- **Work Experience (Year):** This column represents different categories of work experience, categorized by the "number of years worked", such as (3-5), (6-10), (11-15), (16-20), and (more than 21).
- **Number:** This column shows the count or number of respondents falling into each category of work experience. For instance, there were (20) respondents with (3 to 5) years of work experience, (29) respondents with (6 to 10) years of work experience, and so on.
- **Percent (%):** This column displays the percentage of respondents within each category of work experience relative to the total number of respondents. It indicates the proportion of respondents in each experience group.
- **Total:** This row provides the sum of the counts for all categories of work experience, which equals the total number of respondents in research (80 in this case).

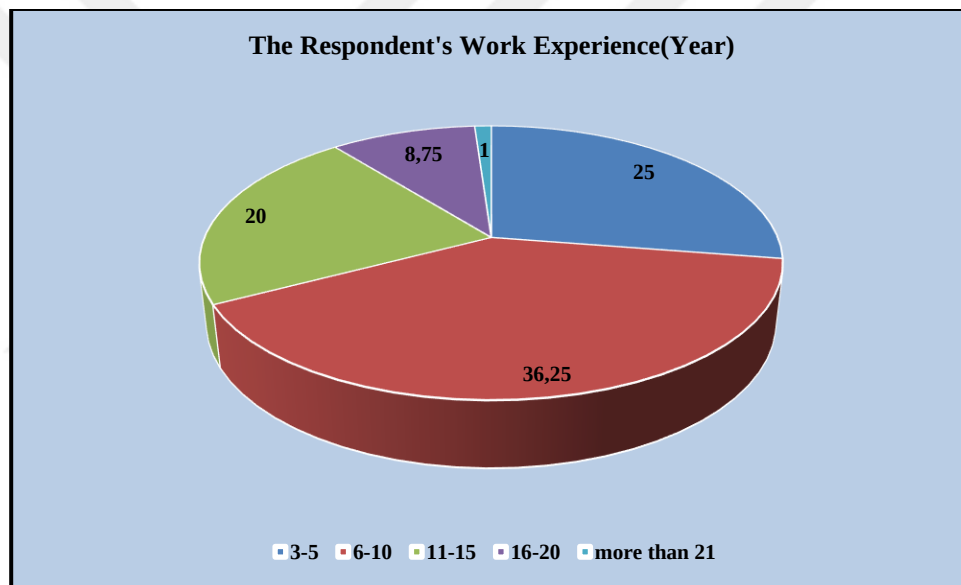
From this table, the can see the distribution of respondents across different ranges of work experience. The majority of respondents fall into the (6-10) years of work experience category, making up (36.25%) of the total. This suggests that a significant portion of the research sample has a moderate level of experience. The next most common category is (3-5) years of work experience, comprising (25.00%) of the total respondents. And there are (16) respondents (20.00%) with (11-15) years of work experience, indicating a substantial proportion with more experience. A smaller percentage of respondents (8.75%) have (16-20) years of work experience. Only a few respondents (1.00%) have (more than 21) years of work experience, which is the category with the least representation.

This information is valuable because it provides insights into the distribution of work experience among the research respondents. It can be relevant when analyzing the impact of work experience on their perceptions and responses regarding financial indicators and accounting report quality. It allows research to understand the context and perspective of participants based on their varying levels of experience in the banking sector.

Table 3.4.: The Respondent's Work Experience (Year)

Work Experience(Year)	Number	Percent(%)
3-5	20	25.00
6-10	29	36.25
11-15	16	20.00
16-20	7	8.75
more than 21	8	1.00
Total	80	100.00

Source: The table was prepared by the researcher based on Appendix I.

**Figure 3.4: The Respondent's Work Experience (Year)**

Source: The figure was prepared by the researcher based on Table (3.4.).

Fourth: The Respondent's Position: Table (3.4.) provides information about the positions held by the respondents in research. Here's how to interpret the table:

- **Position:** This column lists the various "positions" or job titles that the respondents hold.
- **Number:** This column shows the count or number of respondents who hold each specific position. For example, (5) respondents are "Managers", (10) are "Heads of Departments", (10) are "Heads of Units", and so on.

- **Percent (%):** This column displays the percentage of respondents within each position category relative to the total number of respondents. It indicates the proportion of respondents in each position.
- **Total:** This row provides the sum of the counts for all position categories, which equals the total number of respondents in research (80) in this case.

From this table, the research can see the distribution of respondents across different positions within the organizations the research surveyed. It shows that the most common position among the respondents is "Accountant," making up (18.75%) of the total. This information is valuable for understanding the roles and responsibilities of the participants in research, which can be relevant when analyzing their responses to the questionnaire.

Table 3.5.: The Respondent's Position

Position	Number	Percent(%)
Manager	5	6.25
Heads of Departments	10	12.5
Heads of Units	10	12.5
Expert	5	6.25
Advisor	5	6.25
Audit manager	5	6.25
Account Manager	5	6.25
Credit Manager	5	6.25
Auditor	5	6.25
Accountant	15	18.75
Credit Officer	10	12.5
Total	80	100.00

Source: The table was prepared by the researcher based on Appendix I.

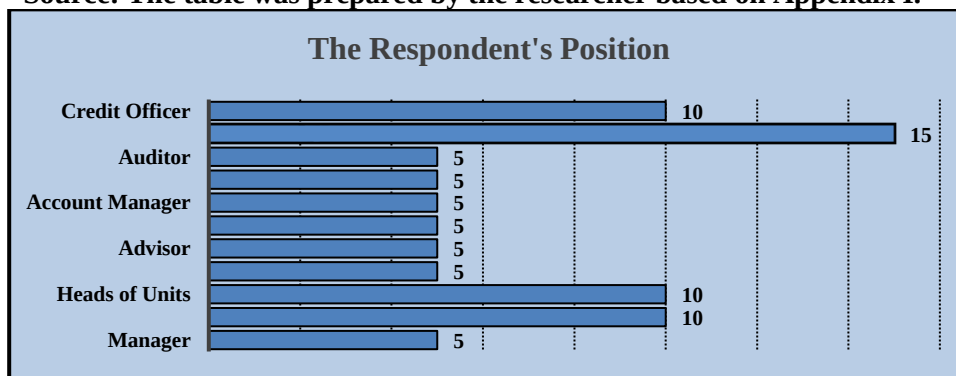


Figure 3.5.: The Respondent's Position (%)

Source: The figure was prepared by the researcher based on Table (3.5).

3.8.3. Analysis Respondents' Questionnaire Responses

The subsequent section offers a detailed exploration of the data through descriptive statistics. These statistics include measures of central tendency, dispersion, and graphical representations, all aimed at providing a clear picture of the dataset's characteristics.

Table (3.6.) provides a detailed breakdown of respondents' answers to each statement in research questionnaire, categorized into five response options: Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree. Here's a deep analysis of the table:

First: Statement's No. (S1 to S53): Each row represents a specific statement from the research questionnaire.

Second: Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree: Each column represents one of the five response options available to respondents.

Third: Freq.: This column indicates the frequency (number of respondents) who selected each response option for a specific statement.

Fourth: Percent (%): This column shows the percentage of respondents who chose each response option for a specific statement.

Here's how to interpret and analyze the table:

First: Frequency Distribution: For each statement (S1 to S53), the can see how many respondents fell into each response category. For example, for (S1), (44) respondents (55.00%) agreed with the statement, while (29), (36.25%) strongly agreed.

Second: Agreement Levels: The can assess the level of agreement or disagreement for each statement by looking at the total percentage of respondents who either agreed or strongly agreed (i.e., the sum of "Agree" and "Strongly Agree" percentages). For (S1), this total agreement level is (91.25%), (55.00+ 36.25).

Third: Neutral and Disagreement Levels: Similarly, the can assess the level of neutrality or disagreement by looking at the percentages of respondents who chose "Neutral," "Disagree," or "Strongly Disagree." For (S1), the total of these categories is (8.75%), (3.75+3.75%+1.25).

Fourth: Variance in Responses: Analyze the variation in responses across different statements. Some statements may have a higher level of agreement, while others might have more neutral or disagreement responses.

Fifth: Overall Trends: Look for patterns or trends across multiple statements. Are there certain statements where respondents tend to strongly agree or disagree more consistently? This can provide insights into the overall sentiment or consensus among respondents.

Sixth: Consider Context: When interpreting the results, consider the context of the research and the specific statements being assessed. Are there particular statements that stand out as particularly important or impactful based on the high agreement or disagreement percentages?

Seventh: Segmentation: Depending on research goals, research may want to segment the data by demographics (e.g., gender, work experience) to see if certain groups of respondents have different patterns of agreement or disagreement.

This table, Table (3.6.), is a valuable resource for understanding how respondents perceive and respond to the statements in research questionnaire, which can be crucial for drawing conclusions and making interpretations in research.

After the calculate the (Reliability) for (Likert Scale Question) and the result found it's equal to (0.7335); so that the acceptable a (Cronbach's alpha test) because the result greater than (0.70).

And based on the result of (Cronbach's alpha test), which is (0.7335), it indicates an acceptable level of (Reliability) for the (Likert scale questions in questionnaire of research. A (Cronbach's alpha value) greater than (0.70) is generally considered a good indication of internal consistency, suggesting that the items in research(Likert) scale are Reliably measuring the same underlying construct or concept.

In research case, with a (Cronbach's alpha) of (0.7335), research have demonstrated that the(Likert scale questions) used in questionnaire of research exhibit a reasonable level of internal consistency. This suggests that the questions are measuring a coherent and consistent construct, which enhances the validity of research's survey instrument.

Researchers typically aim for a Cronbach's alpha of at least (0.70), so research result meets this standard. It indicates that research Likert scale questions are Reliable for assessing the construct research intended to measure in the research. This Reliability enhances the confidence in the results and conclusions drawn from research questionnaire data.

Table 3.6.: The Frequency and Percent of Statements

Statement's No.	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	Freq. *	Percent (%)	Freq.	Percent (%)	Freq.	Percent (%)	Freq.	Percent (%)	Freq.	Percent (%)
S1	1	1.25	3	3.75	3	3.75	44	55.00	29	36.25
S2	2	2.50	2	2.50	2	2.50	49	61.25	25	31.25
S3	2	2.50	2	2.50	2	2.50	52	65.00	22	27.50
S4	1	1.25	3	3.75	1	1.25	50	62.50	25	31.25
S5	3	3.75	2	2.50	1	1.25	49	61.25	25	31.25
S6	1	1.25	2	2.50	2	2.50	51	63.75	24	30.00
S7	1	1.25	2	2.50	2	2.50	51	63.75	24	30.00
S8	2	2.50	2	2.50	2	2.50	48	60.00	26	32.50
S9	2	2.50	3	3.75	1	1.25	47	58.75	27	33.75
S10	2	2.50	1	1.25	1	1.25	50	62.50	26	32.50
S11	2	2.50	2	2.50	2	2.50	50	62.50	24	30.00
S12	1	1.25	1	1.25	2	2.50	51	63.75	25	31.25
S13	2	2.50	3	3.75	3	3.75	51	63.75	21	26.25
S14	1	1.25	1	1.25	1	1.25	53	66.25	24	30.00
S15	2	2.50	2	2.50	2	2.50	51	63.75	23	28.75
S16	1	1.25	1	1.25	1	1.25	50	62.50	27	33.75
S17	3	3.75	3	3.75	2	2.50	50	62.50	22	27.50
S18	2	2.50	2	2.50	1	1.25	51	63.75	24	30.00
S19	1	1.25	1	1.25	1	1.25	48	60.00	29	36.25
S20	2	2.50	1	1.25	1	1.25	48	60.00	28	35.00
S21	2	2.50	2	2.50	1	1.25	51	63.75	24	30.00
S22	1	1.25	1	1.25	2	2.50	50	62.50	26	32.50
S23	1	1.25	1	1.25	3	3.75	48	60.00	27	33.75
S24	1	1.25	2	2.50	1	1.25	49	61.25	27	33.75
S25	1	1.25	1	1.25	2	2.50	50	62.50	26	32.50
S26	2	2.50	1	1.25	2	2.50	49	61.25	26	32.50
S27	1	1.25	2	2.50	1	1.25	45	56.25	31	38.75
S28	1	1.25	1	1.25	1	1.25	49	61.25	28	35.00
S29	1	1.25	2	2.50	2	2.50	49	61.25	26	32.50
S30	1	1.25	3	3.75	3	3.75	46	57.50	27	33.75
S31	2	2.50	1	1.25	1	1.25	49	61.25	27	33.75
S32	1	1.25	2	2.50	1	1.25	49	61.25	27	33.75
S33	1	1.25	1	1.25	2	2.50	48	60.00	28	35.00
S34	2	2.50	2	2.50	1	1.25	47	58.75	28	35.00
S35	1	1.25	1	1.25	2	2.50	52	65.00	24	30.00
S36	2	2.50	2	2.50	2	2.50	48	60.00	26	32.50
S37	2	2.50	1	1.25	2	2.50	51	63.75	24	30.00
S38	1	1.25	2	2.50	1	1.25	52	65.00	24	30.00
S39	1	1.25	3	3.75	3	3.75	47	58.75	26	32.50
S40	1	1.25	1	1.25	1	1.25	52	65.00	25	31.25
S41	1	1.25	2	2.50	1	1.25	53	66.25	23	28.75
S42	2	2.50	3	3.75	2	2.50	49	61.25	24	30.00
S43	1	1.25	1	1.25	2	2.50	54	67.50	22	27.50
S44	1	1.25	1	1.25	1	1.25	52	65.00	25	31.25
S45	1	1.25	1	1.25	1	1.25	51	63.75	26	32.50
S46	1	1.25	2	2.50	1	1.25	52	65.00	24	30.00
S47	3	3.75	1	1.25	1	1.25	53	66.25	22	27.50
S48	1	1.25	2	2.50	2	2.50	54	67.50	21	26.25
S49	1	1.25	2	2.50	1	1.25	55	68.75	21	26.25
S50	2	2.50	1	1.25	2	2.50	55	68.75	20	25.00
S51	1	1.25	2	2.50	2	2.50	52	65.00	23	28.75
S52	2	2.50	1	1.25	1	1.25	53	66.25	23	28.75
S53	1	1.25	2	2.50	1	1.25	50	62.50	26	32.50

Statement's No.	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	Freq. *	Percent (%)	Freq.	Percent (%)	Freq.	Percent (%)	Freq.	Percent (%)	Freq.	Percent (%)

Freq.*: Frequency

Source: The table was prepared by the researcher based on Appendix I.

From the the observations of table (3.6.) can say:

First: Variation in Responses: For each statement, there is variation in the distribution of responses across the five categories. Some statements have a higher proportion of respondents agreeing or strongly agreeing, while others have more respondents disagreeing or strongly disagreeing. This indicates diversity in opinions or perceptions among respondents.

Second: Identifying Consensus or Disagreement: Statements with a high percentage of respondents agreeing or strongly agreeing may indicate consensus or widespread acceptance of the statement's premise or assertion. Conversely, statements with a high percentage of respondents disagreeing or strongly disagreeing may suggest disagreement or skepticism regarding the statement.

Third: Neutral Responses: The percentage of respondents selecting the neutral category (neither agreeing nor disagreeing) provides insight into the level of ambivalence or uncertainty among respondents regarding certain statements.

Fourth: Comparison Across Statements: Comparing the distribution of responses across different statements can reveal patterns or trends in respondents' attitudes, beliefs, or perceptions. Researchers may identify clusters of statements with similar response patterns or outliers that warrant further investigation.

Fifth: Validity and Reliability: Researchers may assess the validity and reliability of survey items based on response patterns. Consistent or coherent response patterns across related statements may indicate internal consistency and reliability of the survey instrument.

Sixth: Interpretation of Results: The analysis of the table can inform the interpretation of survey results and the conclusions drawn from the study. Researchers may highlight statements with high levels of agreement or disagreement and discuss the implications of these findings for the research objectives or hypotheses.

3.8.4. Analysis of Questionnaire's Data

The quantitative findings offer a nuanced perspective on the dynamics at play within the private banking sector of Northern Iraq. Drawing upon the empirical evidence presented, this section synthesizes the key takeaways from our data analysis and interpretation. It reiterates how our findings align with or deviate from existing literature and offers insights into their broader implications. This analytical journey, it is imperative to approach the data with rigor and impartiality. The results of this analysis hold the potential to shape in real-world practices within the banking sector.

The Table (3.7.) provides descriptive statistics for each statement in research survey, including the mean, variance, standard deviation, and t-test value. Let's analyze this data:

First: Mean (Average): The mean represents the average response for each statement. It gives the research an idea of the central tendency of the responses.

Second: Variance: Variance measures how much the responses vary from the mean. A higher variance indicates greater dispersion in responses, while a lower variance suggests that responses are closer to the mean.

Third: Standard Deviation: The standard deviation is the square root of the variance. It tells about the degree of dispersion or spread in the responses. A larger standard deviation means more variability in responses.

Fourth: t-Test: The t-test value is a statistical measure that helps assess whether the mean response for a statement is significantly different from a hypothetical mean. In the research case, it appears to be comparing the statement mean to some reference value. A higher t-test value suggests a greater difference from the reference value.

Based on these statistics, here are some observations:

- Statements (S1, S2, S3, S8, S10, S13, S15, S18, S20, S21, S26, S28, S30, S33, S35, S37, S42, S43, S46, S48, S49, S50, and S52) have means ranging from approximately (4.1875) to (4.3625), indicating that respondents generally agreed or strongly agreed with these statements.

The statements with High Agreement (Means around 4.2 to 4.36) have means in this range, indicating that respondents generally agreed or strongly agreed with these statements. This suggests that the respondents tended to have a positive disposition or agreement with the content of these statements.

- Statements (S4, S5, S6, S7, S9, S11, S12, S14, S16, S17, S19, S22, S23, S24, S25, S27, S29, S31, S32, S34, S36, S38, S39, S40, S41, S44, S45, S47, S51, and S53) have means ranging from approximately(4.2) to(4.325), indicating a more neutral or balanced response with some agreement.

The statements with Neutral or Balanced Responses (Means around 4.2 to 4.325) have means in this range, indicating a more neutral or balanced response with some level of agreement. For these statements, respondents might have had mixed opinions or felt somewhat ambivalent about the content. The responses are not strongly skewed towards agreement or disagreement.

It's important to note that these observations provide a general overview of the respondents' perceptions based on the calculated means. To gain deeper insights into the data, the research might consider looking at the actual content of these statements to understand the specific issues or topics that elicited varying degrees of agreement or neutrality. Additionally, the research can use these observations as a starting point for further analysis or interpretation of the research findings.

So; the t-test values being relatively high indicate that the differences between the statement means and some reference values(possibly the midpoint of the Likert scale) are statistically significant. In the context of survey analysis, this suggests that the respondents' ratings for each statement are significantly different from a neutral or midpoint response. It implies that respondents had strong opinions or feelings about the statements, either in agreement or disagreement and these differences are unlikely to have occurred by chance.

These statistics provide insights into how respondents rated each statement and the level of agreement or disagreement. The t-test values suggest that these differences are not due to chance and are statistically significant.

Table 3.7.: The Mean, Variance, and Standard Deviation of Statements

Statement's No.	Mean	Variance	Standard Deviation	t-Test
S1	4.33750	0.47959	0.6925	23.7322
S2	4.25000	0.46835	0.6844	22.8716
S3	4.28750	0.30870	0.5556	28.7754
S4	4.21250	0.54921	0.7411	20.4512
S5	4.21250	0.49858	0.7061	21.6925
S6	4.18750	0.50870	0.7132	21.1620
S7	4.18750	0.50870	0.7132	21.1620
S8	4.32500	0.34873	0.5905	27.6414
S9	4.30000	0.46582	0.6825	23.5889
S10	4.31250	0.31883	0.5646	28.7107
S11	4.25000	0.39241	0.6264	24.9871
S12	4.22500	0.45506	0.6746	22.8717
S13	4.22500	0.45506	0.6746	23.5357
S14	4.22500	0.42975	0.6556	23.5357
S15	4.23750	0.38592	0.6212	25.0163
S16	4.26250	0.44921	0.6702	23.5207
S17	4.26250	0.44921	0.6702	23.5207
S18	4.26250	0.37326	0.6109	25.8029
S19	4.28750	0.46060	0.6787	23.5575
S20	4.27500	0.40443	0.6359	24.9644
S21	4.28750	0.38465	0.6202	25.7785
S22	4.22500	0.45506	0.6746	22.8717
S23	4.25000	0.46835	0.6844	22.8716
S24	4.20000	0.49114	0.7008	21.6966
S25	4.23750	0.46187	0.6796	22.8671
S26	4.30000	0.33924	0.5824	27.6416
S27	4.28750	0.53655	0.7325	21.8266
S28	4.27500	0.45506	0.6746	23.5346
S29	4.21250	0.52389	0.7238	21.1619
S30	4.31250	0.47073	0.6861	23.6286
S31	4.27500	0.37911	0.6157	25.7845
S32	4.27500	0.53101	0.7287	21.7867
S33	4.31250	0.49604	0.7043	23.0177
S34	4.28750	0.38465	0.6202	25.7785
S35	4.21250	0.44794	0.6693	22.8857
S36	4.25000	0.39241	0.6264	24.9871
S37	4.27500	0.32848	0.5731	27.7005
S38	4.20000	0.49114	0.7008	21.6966
S39	4.30000	0.46582	0.6825	23.5889
S40	4.23750	0.43655	0.6607	23.5208
S41	4.18750	0.48339	0.6953	21.7091
S42	4.21250	0.49858	0.7061	21.6925
S43	4.21250	0.42263	0.6501	23.5612
S44	4.23750	0.43655	0.6607	23.5208
S45	4.25000	0.44304	0.6656	23.5160
S46	4.21250	0.44794	0.6693	22.8857
S47	4.22500	0.42975	0.6556	23.5357
S48	4.32500	0.29810	0.5460	29.8969
S49	4.25000	0.29114	0.5396	29.0090
S50	4.25000	0.29114	0.5396	29.0090
S51	4.32500	0.29810	0.5460	29.8969
S52	4.36250	0.33528	0.5790	28.7696
S53	4.33750	0.30237	0.5499	29.8883

Source: The table was prepared by the researcher based on Appendix I.

3.8.5. Statistical Hypothesis Testing

Hypothesis testing is a fundamental statistical method used in research and scientific inquiry to make decisions about the validity of hypotheses or claims regarding populations or data. It is a structured process that involves comparing observed data to a null hypothesis, which represents the default or status quo assumption, and an alternative hypothesis, which represents the assertion or effect of interest. The primary goal of hypothesis testing is to determine whether there is enough evidence to support or reject the null hypothesis in favor of the alternative hypothesis.

The three hypothesis testing methods (t-Test, ANOVA, and Alpha α -Test) play vital roles in the scientific method, enabling researchers to make informed decisions, draw conclusions, and contribute to the accumulation of knowledge in various fields of research. They help ensure that research findings are reliable, reproducible, and meaningful.

3.8.5.1. Hypothesis Testing Using t-Tests

The t-test is a statistical tool used to evaluate if there is a significant difference between the means of two groups or samples. It is essential in many scientific and research domains for a number of reasons:

First: Comparing Group Means: The t-test helps researchers compare the means of two groups to determine if there is a statistically significant difference. This is essential for assessing the effectiveness of treatments, interventions, or experimental conditions.

Second: Hypothesis Testing: Regarding the anticipated variations across groups, researchers frequently have particular theories. They are able to thoroughly examine these hypotheses using the t-test and ascertain if the observed differences are indeed effects or are just the result of chance.

Third: Data-Driven Decision Making: T-tests are used in medical, psychological, and social scientific domains to assess the effects of novel medications, treatments, or interventions on patient outcomes. This supports the use of evidence in decision-making. (Reissenweber, 2012, p.87) and (Taylor, 2009, p.864).

Fourth: Quality Control: In industrial settings, t-tests are used to monitor and maintain quality standards. For example, they can assess whether the manufacturing process of a product is consistent over time.

Building upon the research hypotheses posited in Chapter One, this section employs various statistical techniques to test the hypothesized relationships between financial indicators and accounting report quality. To determine whether to accept or reject each hypothesis, the can perform t-tests based on the provided data from Table: The Mean, Variance, and Standard Deviation of Axes. Research have specified a significance level of (0.05), ($\alpha=0.05$), and a null hypothesis value of (2.25).

The will compare the calculated t-values, (Table: 3.8.), with the critical t-value for ($\alpha=0.05$) and degrees of freedom (df=79) to make decisions about each hypothesis.

Here's a summary of the t-tests and the results:

First: Hypothesis (H1-0) and (H1-1); Axis I(Internal Factors); Internal Factors Affecting the Quality of Accounting Reports in Private Banks in Northern Iraqi Private Banks:

- a. **Null Hypothesis (H1-0):** Internal factors alone do not significantly affect the quality of accounting reports.
- b. **Alternative Hypothesis (H1-1):** Internal factors significantly affect the quality of accounting reports.

t-Test for Axis I:

$t = (\text{Sample Mean} - \text{Null Hypothesis Value}) / (\text{Standard Deviation} / \sqrt{\text{Sample Size}});$

$t = (4.2613 - 2.25) / (0.6656 / \sqrt{80}) \approx 74.7234$ (as per the provided data)

Since the calculated t-value is extremely larger than the critical t-value at ($\alpha=0.05$) for (df=79), the reject the null hypothesis (H1-0). Internal factors significantly affect the quality of accounting reports in private banks in Northern Iraq.

Second: Hypothesis (H2-0) and (H2-1); Axis II(External Factors); The Impact of External Factors on the Preparation and Disclosure of Financial Indicators, (Profitability, Efficiency, and Growth Indicators), and their Effect on the Quality of Accounting Reports in Private Banks in Northern Iraq:

- a. **Null Hypothesis (H2-0):** External factors do not significantly shape the implementation of financial indicators and do not significantly affect the quality of accounting reports.

- b. Alternative Hypothesis (H2-1):** External factors significantly shape the implementation of financial indicators and have a significant impact on the quality of accounting reports.

t-Test for Axis II:

$t = (\text{Sample Mean} - \text{Null Hypothesis Value}) / (\text{Standard Deviation} / \sqrt{\text{Sample Size}});$

$t = (4.2375 - 2.25) / (0.6502 / \sqrt{80}) \approx 58.3879$ (as per the provided data)

Since the calculated t-value is extremely larger than the critical t-value at ($\alpha=0.05$) for ($df=79$), the reject the null hypothesis ($H2-0$). External factors significantly shape the implementation of financial indicators and have a significant impact on the quality of accounting reports.

Third: Hypothesis (H3-0) and (H3-1); Axis II-A (External Factors Specific); External Factors Shaping Financial Indicator Implementation and Accounting Report Quality in Northern Iraqi Private Banks:

- a. Null Hypothesis (H3-0):** The specific external factors described in Axis II-A do not significantly influence the quality of accounting reports.
- b. Alternative Hypothesis (H3-1):** The specific external factors described in Axis II-A have a significant influence on the quality of accounting reports.

t-Test for Axis II-A:

$t = (\text{Sample Mean} - \text{Null Hypothesis Value}) / (\text{Standard Deviation} / \sqrt{\text{Sample Size}});$

$t = (4.2667 - 2.25) / (0.6453 / \sqrt{80}) \approx 59.8247$ (as per the provided data)

Since the calculated t-value is extremely larger than the critical t-value at ($\alpha=0.05$) for ($df=79$), the reject the null hypothesis ($H3-0$). The specific external factors described in Axis II-A have a significant influence on the quality of accounting reports.

Fourth: Hypothesis (H4-0) and (H4-1); Axis II-B (Profitability); The Influence of Profitability as one of a Financial Indicator Calculation and Interpretation on Accounting Report Quality in Private Banks of Northern Iraq:

- a. Null Hypothesis (H4-0):** Profitability indicators do not significantly influence the quality of accounting reports.
- b. Alternative Hypothesis (H4-1):** Profitability indicators have a significant influence on the quality of accounting reports.

t-Test for Axis II-B:

$t = (\text{Sample Mean} - \text{Null Hypothesis Value}) / (\text{Standard Deviation} / \sqrt{\text{Sample Size}});$

$t = (4.2583 - 2.25) / (0.6739 / \sqrt{80}) \approx 57.0148$ (as per the provided data)

Since the calculated t-value is extremely larger than the critical t-value at ($\alpha=0.05$) for (df=79), the reject the null hypothesis (H4-0). Profitability indicators have a significant influence on the quality of accounting reports.

Fifth: Hypothesis (H5-0) and (H5-1); Axis II-C (Efficiency); The Influence of Efficiency as one of the Financial Indicator Calculation and Interpretation on Accounting Report Quality in Private Banks of Northern Iraq:

- a. ***Null Hypothesis (H5-0):*** Efficiency indicators do not significantly influence the quality of accounting reports.
- b. ***Alternative Hypothesis (H5-1):*** Efficiency indicators have a significant influence on the quality of accounting reports.

t-Test for Axis II-C:

$t = (\text{Sample Mean} - \text{Null Hypothesis Value}) / (\text{Standard Deviation} / \sqrt{\text{Sample Size}});$

$t = (4.2792 - 2.25) / (0.6779 / \sqrt{80}) \approx 57.3486$ (as per the provided data)

Since the calculated t-value is extremely larger than the critical t-value at ($\alpha=0.05$) for (df=79), the reject the null hypothesis (H5-0). Efficiency indicators have a significant influence on the quality of accounting reports.

Sixth: Hypothesis (H6-0) and (H6-1); Axis II-D (Growth Indicators); The Impact of Growth Indicators on the Quality and Strategic Role of Accounting Reports in Private Banks of Northern Iraq:

- a. ***Null Hypothesis (H6-0):*** Growth indicators do not significantly impact the quality of accounting reports.
- b. ***Alternative Hypothesis (H6-1):*** Growth indicators have a significant impact on the quality of accounting reports.

t-Test for Axis II-D:

$t = (\text{Sample Mean} - \text{Null Hypothesis Value}) / (\text{Standard Deviation} / \sqrt{\text{Sample Size}})$

$t = (4.2458 - 2.25) / (0.6503 / \sqrt{80}) \approx 58.6594$ (as per the provided data)

Since the calculated t-value is extremely larger than the critical t-value at($\alpha=0.05$) for(df=79), the reject the null hypothesis(H6-0). Growth indicators have a significant impact on the quality of accounting reports.

Seventh: Hypothesis (H7-0) and (H7-1) - Axis II-E (Strategic Role of Financial Indicators); Axis II-E: The Strategic Role of Financial Indicators in Enhancing the Quality of Accounting Reports in Private Banks Operating in Northern Iraq:

- a. ***Null Hypothesis (H7-0):*** Financial indicators (Profitability, Efficiency, and Growth) do not play a strategic role in enhancing the quality of accounting reports.
- b. ***Alternative Hypothesis (H7-1):*** Financial indicators play a strategic role in enhancing the quality of accounting reports.

t-Test for Axis II-E:

$t = (\text{Sample Mean} - \text{Null Hypothesis Value}) / (\text{Standard Deviation} / \sqrt{\text{Sample Size}});$

$t = (4.2575 - 2.25) / (0.6598 / \sqrt{80}) \approx 130.4203$ (as per the provided data)

Since the calculated t-value is extremely larger than the critical t-value at($\alpha=0.05$) for(df=79), the reject the null hypothesis(H7-0). Financial indicators play a strategic role in enhancing the quality of accounting reports.

Eighth: Hypothesis (H8-0) and (H8-1) - Axis III (Reflection of Financial Indicators); The Reflection of Financial Indicators, (Profitability, Efficiency, and Growth Indicators), on the Quality of Accounting Reports:

- a. ***Null Hypothesis (H8-0):*** Financial indicators (Profitability, Efficiency, and Growth) do not significantly reflect on the quality of accounting reports.
- b. ***Alternative Hypothesis (H8-1):*** Financial indicators significantly reflect on the quality of accounting reports.

t-Test for Axis III:

$t = (\text{Sample Mean} - \text{Null Hypothesis Value}) / (\text{Standard Deviation} / \sqrt{\text{Sample Size}})$

$t = (4.2606 - 2.25) / (0.6174 / \sqrt{80}) \approx 53.9315$ (as per the provided data)

Since the calculated t-value is extremely larger than the critical t-value at($\alpha=0.05$) for(df=79), the reject the null hypothesis(H8-0). Financial indicators significantly reflect on the quality of accounting reports.

The all the hypotheses (H1 through H8), the reject the null hypotheses in favor of the alternative hypotheses. This means that internal factors, external factors, specific external factors, profitability indicators, efficiency indicators, growth indicators, and financial indicators all significantly affect and contribute to the quality of accounting reports in private banks in Northern Iraq. Financial indicators also play a strategic role and significantly reflect on the quality of these reports.

Table 3.8.: The Mean, Variance, and Standard Deviation of Axes

Axis No.	Mean	Variance	Standard Deviation	t-Test
Axis I	4.2613	0.4430	0.6656	74.7234
Axis II	4.2375	0.4228	0.6502	58.3879
Axis II-A	4.2667	0.4164	0.6453	59.8247
Axis II-B	4.2583	0.4541	0.6739	57.0148
Axis II-C	4.2792	0.4596	0.6779	57.3486
Axis II-D	4.2458	0.4229	0.6503	58.6594
Axis II-E	4.2575	0.4354	0.6598	130.4203
Axis III	4.2606	0.3811	0.6174	53.9315
Aggregate Axes	4.2590	0.4235	0.6508	-

Source: The table was prepared by the researcher based on Appendix I.

3.8.5.2.Hypothesis Testing Using ANOVA and F-Test

Statistical procedures, (Analysis of Variance- ANOVA) and its corresponding (F-test) are employed to compare means among three or more groups or conditions. These techniques are significant because they can handle more intricate experimental designs:

First: Comparing Multiple Groups: ANOVA allows researchers to compare means across multiple groups simultaneously, reducing the risk of Type I errors (false positives) compared to conducting multiple t-tests.

Second: Detecting Group Differences: ANOVA helps identify if there are statistically significant differences between any of the groups, and if so, it may prompt further post-hoc analyses to determine which groups differ.

Third: Experimental Design: ANOVA is valuable when researching the effects of multiple factors or variables on an outcome. It helps researchers understand the main effects and potential interactions among factors.

Fourth: Reducing Experiment-wise Error: By using ANOVA and the F-test, researchers control experiment-wise error rates, which is crucial in maintaining the overall significance level of a research.

When a research wants to compare the means of more than two groups to see if there are any significant differences between them, it uses an analysis of variance, or ANOVA. ANOVA determines whether group mean variability is higher than intragroup variability.

Based on the ANOVA tables and the F-Test, the research must compare the generated F-statistic with the critical F-value (F crit) at the designated significance level ($\alpha=0.05$, or 95% confidence level) in order to decide whether to accept or reject the null hypothesis (H_0). The research would reject the null hypothesis in favor of the alternative hypothesis (H_1), suggesting a significant difference between groups, if the estimated F-statistic is greater than the crucial F-value. Here's an analysis of each axis:

First: Axis I - Internal Factors:

- a. **Calculated F-statistic:** 1.474656695
- b. **Critical F-value (F crit):** 1.298897205
- c. **Decision:** Since the calculated F-statistic is greater than the critical F-value, the research would reject the null hypothesis(H_{1-0}) and accept the alternative hypothesis(H_{1-1}). This suggests that internal factors significantly affect the quality of accounting reports.

Table 3.9.: ANOVA Table of Axis I

Source of Variation	SS	df	MS	F	P-value	F crit
Rows	48.88333333	79	0.618776371	1.474656695	0.006927336	1.298897205
Columns	1.919444444	8	0.239930556	0.571798175	0.801427235	1.953037625
Error	265.1916667	632	0.419607068			
Total	315.9944444	719				

Source: The table was prepared by the researcher based on Appendix I.

Second: Axis II - External Factors:

- a. **Calculated F-statistic:** 2.110682639
- b. **Critical F-value (F crit):** 1.282113853
- c. **Decision:** Similar to Axis I, the calculated F-statistic is greater than the critical F-value, leading to the rejection of the null hypothesis(H_{2-0}) in favor of the

alternative hypothesis(H2-1). External factors significantly shape the implementation of financial indicators and have a significant impact on the quality of accounting reports.

Table 3.10.: ANOVA Table of Axis II

Source of Variation	SS	df	MS	F	P-value	F crit
Rows	70.89482759	79	0.897402881	2.110682639	7.57254E-08	1.282113853
Columns	2.485344828	28	0.088762315	0.208768082	0.999997332	1.481442633
Error	940.4801724	2212	0.425171868			
Total	1013.860345	2319				

Source: The table was prepared by the researcher based on Appendix I.

Third- Axis III - Reflection of Financial Indicators:

- Calculated F-statistic:** 1.605873968
- Critical F-value (F crit):** 1.292529699
- Decision:** Again, the calculated F-statistic exceeds the critical F-value, resulting in the rejection of the null hypothesis(H8-0) and acceptance of the alternative hypothesis(H8-1). Financial indicators significantly reflect on the quality of accounting reports.

Table 3.11.: ANOVA Table of Axis III

Source of Variation	SS	df	MS	F	P-value	F crit
Rows	45.23333333	79	0.57257384	1.605873968	0.001006029	1.292529699
Columns	2.658333333	11	0.241666667	0.677792421	0.760507242	1.799655275
Error	309.8416667	869	0.356549674			
Total	357.7333333	959				

Source: The table was prepared by the researcher based on Appendix I.

Fourth: Aggregate Axes:

- Calculated F-statistic:** 3.753317222
- Critical F-value (F crit):** 1.279048088
- Decision:** The computed F-statistic for the aggregate axes is significantly higher than the crucial F-value. As a result, the investigation would find a substantial difference in the aggregate axes between the groups, rejecting the null hypothesis and accepting the alternative.

Table 3.12.: ANOVA Table of Aggregate Axes

Source of Variation	SS	df	MS	F	P-value	F crit
Rows	119.9420673	79	1.518254017	3.753317222	1.11756E-25	1.279048088

Columns	7.556490385	51	0.148166478	0.366286397	0.999989925	1.349739463
Error	1629.770433	4029	0.404509911			
Total	1757.26899	4159				

Source: The table was prepared by the researcher based on Appendix I.

Based on the ANOVA tables and the F-Test, the research have strong evidence to reject the null hypotheses (H0) for all axes. This suggests that internal factors, external factors, the reflection of financial indicators, and the aggregate axes significantly affect the quality of accounting reports. These results are significant at the 0.05 significance level($\alpha = 0.05$).

Table 3.13.: F-Test of all Axes base on ANOVA

Axis No.	<i>F</i>	<i>F crit</i>
Axis I	1.474656695	1.298897205
Axis II	2.110682639	1.282113853
Axis III	1.605873968	1.292529699
Aggregate Axes	3.753317222	1.279048088

Source: The table was prepared by the researcher based on Appendix I.

3.8.5.3. Hypothesis Testing Using Alpha (α -Test)

The Alpha (α -Test) represents the significance threshold used in hypothesis testing. The importance of α -testing lies in its role in controlling Type I errors(false positives) in statistical analyses:

To determine whether to accept or reject the null hypotheses(H0) based on the provided alpha(α) values and research test statistics, the need to compare the calculated test statistics with the critical values at the(0.05) significance level($\alpha=0.05$). Here are the decisions for each axis based on the alpha values and the significance level:

First: Axis I-Internal Factors:

- a. **Calculated alpha(α) test statistic:** 32.1876
- b. Since the calculated alpha test statistic (32.1876) is greater than the significance level ($\alpha=0.05$), the research would reject the null hypothesis (H1-0) in favor of the alternative hypothesis (H1-1). This suggests that internal factors significantly affect the quality of accounting reports in private banks in Northern Iraq.

Second: Axis II-External Factor:

- a. **Calculated alpha(α) test statistic:** 15.1656

- b. Since the calculated alpha test statistic (15.1656) is greater than the significance level ($\alpha=0.05$), the research would reject the null hypothesis(H2-0) in favor of the alternative hypothesis (H2-1). This suggests that external factors significantly shape the implementation of financial indicators and have a significant impact on the quality of accounting reports in private banks in Northern Iraq.

Third: Axis II- Reflection of Financial Indicators:

- a. *Calculated alpha (α) test statistic:* 37.7286
- b. **Decision:** Since the calculated alpha test statistic (37.7286) is greater than the significance level ($\alpha=0.05$), research would reject the null hypothesis(H8-0) in favor of the alternative hypothesis (H8-1). Financial indicators significantly reflect on the quality of accounting reports in private banks in Northern Iraq.

Fourth: Aggregate Axes:

- a. *Calculated alpha(α) test statistic:* 73.3569
- b. **Decision:** Since the calculated alpha test statistic (73.3569) is greater than the significance level($\alpha=0.05$), the research would reject the null hypotheses for the aggregate axes in favor of their respective alternative hypotheses.

Base on (α -Test), Calculated Alpha(test statistic), for all Axes, the null hypotheses have been rejected in favor of their respective alternative hypotheses.

Table 3.14.: Alpha, α -Test

Axis No.	α-Test(test statistic)
Axis I	32.1876
Axis II	15.1656
Axis III	37.7286
Aggregate Axes	73.3569

Source: The table was prepared by the researcher based on Appendix I.

3.9. DATA ANALYSIS BY USING FINANCIAL INDICATORS

The Financial Indicators Analysis-a voyage into the intricate world of numerical metrics that unveil the financial narrative of companies. This journey delves into the profound realm of financial ratios, seeking to decipher the intricate language of numbers that reveal a company's performance, strengths, and areas of improvement. Our focus encompasses three pivotal categories of financial indicators: Profitability, Efficiency, and Growth.

The financial landscape is vast and ever-evolving, with companies navigating complex economic terrains, industry shifts, and global dynamics. In this context, the ability to extract meaningful insights from financial statements is not merely a skill but an imperative for informed decision-making by investors, managers, and stakeholders alike.

3.9.1. Financial Indicators Analysis

Financial Indicators Analysis, also known as financial ratio analysis, is a thorough assessment of the performance and health of a company's finances based on the analysis of numerous financial metrics and ratios. In order to learn more about various facets of a business' operations, profitability, efficiency, and general financial management, this analysis entails interpreting these indications. Clearly illustrating the company's advantages, disadvantages, possibilities, and possible risks is the aim.

The methodical process of assessing and interpreting different financial metrics and ratios to obtain understanding of a company's financial performance, health, and viability is known as financial indicators analysis. To evaluate a company's profitability, efficiency, liquidity, solvency, and general financial well-being, this research looks at quantitative data

taken from its financial statements. The objective is to present a thorough grasp of the company's financial situation, as well as its advantages, disadvantages, and possible areas for development. (Bansal, 2014, p.162).

The Importance of Financial Indicators Analysis summarized at following:

- a. **Decision-Making:** Assists stakeholders, including investors, management, and creditors, make informed decisions related to investments, lending, and overall financial strategy.
- b. **Performance Evaluation:** gives a mathematical foundation for comparing a company's financial performance to benchmarks and objectives by assessing the performance against the company's goals and industry benchmarks.
- c. **Risk Assessment:** Identifies potential financial risks and weaknesses.
- d. **Early Warning System:** Identifies potential financial challenges or risks that may require attention.
- e. **Strategic Planning:** Informs strategic planning by highlighting areas for improvement and growth opportunities (Adam, 2014, p.165).

The Financial Indicators Analysis involves a systematic and in-depth examination of financial ratios and indicators to gain insights into a company's financial performance. It is a critical tool for decision-makers to understand the financial health of a business and guide strategic planning and actions.

3.9.1.1.Profitability Indicators

Financial measurements known as profitability indicators evaluate a business's capacity to make money from its ventures and activities. These metrics offer perceptions into the effectiveness with which an organization uses its assets to produce profits for its owners.

Any business's lifeblood is its profitability. It represents how well a business transforms inputs into outputs that support the bottom line. The start our investigation with profitability indicators, which are the metrics used to assess how well a business generates profits from its activities. There are various profitability indicators, and three common ones are:

First: Return-On-Sales(ROS):

- **Definition:** Return for The percentage of profit a business makes from its entire revenue or sales is measured by sales, commonly referred to as the profit margin. It shows how effectively a business turns a profit after deducting all of the expenses related to creating and offering its products or services.
- **Formula:** $ROS = (\text{Net Income} / \text{Total Revenue}) * 100$
- **Interpretation:** A higher ROS indicates better profitability, as it suggests that a higher percentage of sales is converted into profit. A lower ROS may indicate challenges in controlling costs or pricing strategies.

Second: Return-On-Assets (ROA):

- **Definition:** Return on Assets is a metric that quantifies how well a business uses its resources to produce a profit. It displays the proportion of profit made in relation to all of the assets used by the company.
- **Formula:** $ROA = (\text{Net Income} / \text{Average Total Assets}) * 100$
- **Interpretation:** A higher ROA suggests that the company is generating more profit per unit of assets, reflecting efficient asset utilization. A lower ROA may indicate that the company is less effective in converting its assets into profits.

Third: Return-On-Equity (ROE):

- **Definition:** Return on Equity evaluates a business's profitability in relation to the equity held by its shareholders. It calculates the proportion of net income to shareholders' equity for every dollar invested.
- **Formula:** $ROE = \text{Net Income} / \text{Average Shareholders' Equity} * 100$
- **Interpretation:** A higher ROE indicates better profitability and efficiency in generating returns for shareholders. It's a key metric for assessing a company's ability to provide a return on invested capital. However, it's important to consider the risk associated with higher leverage, as it can impact ROE (Kharatyan et. al., 2016, p.27).

To assess a company's financial performance and make wise decisions, analysts, investors, and management need to know these profitability metrics. They offer insightful

information on how well a business operates, how well it uses its assets, and whether it can make money for its investors.

Based on the data provided data at (Table 3.15.: Profitability Indicators) for the years 2021 and 2022 at (Table 3.15.: Profitability Indicators) can the analyze the profitability indicators for the four banks (Cihan Bank for Islamic Investment and Finance, Region Trade Bank-RT Bank, Bank of Baghdad, and Iraqi Islamic Bank for Investment and Development) as follow:

First: Return-On-Sales(ROS):

- a. ***Cihan Bank for Islamic Investment and Finance:*** The return on sales for Cihan Bank remains relatively stable over the two years, indicating consistent profitability from its sales.
- b. ***Region Trade Bank-RT Bank:*** RT Bank experienced a decrease in ROS, which might suggest challenges in maintaining profitability from sales.
- c. ***Bank of Baghdad:*** Bank of Baghdad shows a significant increase in ROS, implying improved profitability from sales.
- d. ***Iraqi Islamic Bank for Investment and Development:*** Iraqi Islamic Bank experienced a substantial increase in ROS, indicating improved efficiency in converting sales into profits.

Second: Return On Assets(ROA) (%):

- a. ***Cihan Bank for Islamic Investment and Finance:*** Cihan Bank's ROA increased slightly, suggesting improved efficiency in utilizing its assets to generate profits.
- b. ***Region Trade Bank-RT Bank:*** RT Bank maintained a relatively stable ROA, indicating consistent performance in generating profits from its assets.
- c. ***Bank of Baghdad:*** Bank of Baghdad experienced an increase in ROA, suggesting improved asset utilization and profitability.
- d. ***Iraqi Islamic Bank for Investment and Development:*** Iraqi Islamic Bank's ROA shows a significant improvement, indicating better efficiency in using its assets to generate profits.

Third: Return on Equity(ROE) (%):

- a. **Cihan Bank for Islamic Investment and Finance:** Cihan Bank experienced a decrease in ROE, indicating a lower return for shareholders compared to the previous year.
- b. **Region Trade Bank-RT Bank:** RT Bank's ROE increased, suggesting improved profitability in relation to shareholders' equity.
- c. **Bank of Baghdad:** Bank of Baghdad shows a substantial increase in ROE, indicating higher returns for shareholders.
- d. **Iraqi Islamic Bank for Investment and Development:** Iraqi Islamic Bank experienced a significant increase in ROE, suggesting improved returns for shareholders.

Fourth: Overall Analysis:

- a. **Bank of Baghdad** stands out with significant improvements in all three indicators, indicating robust financial performance and efficient use of resources.
- b. **Iraqi Islamic Bank for Investment and Development** also showed notable improvements, especially in ROS and ROE, showcasing enhanced profitability and returns for shareholders.
- c. **Cihan Bank for Islamic Investment and Finance** experienced a decrease in ROE, which may warrant further investigation into the factors affecting shareholder returns.
- d. **Region Trade Bank-RT Bank** faced challenges, particularly in ROS, indicating potential issues with generating profits from sales.

Table 3.15.: Profitability Indicators

Indicators	Bank-Year							
	Cihan Bank		RT Bank		Bank of Baghdad		Iraqi Islamic Bank	
	2021	2022	2021	2022	2021	2022	2021	2022
1 Return On Sales(ROS)(%)	27.26	27.24	2.55	1.96	37.58	47.88	18.32	40.82
2 Return On Assets(ROA)(%)	0.54	0.62	1.22	1.26	2.44	3.08	0.72	1.65
3 Return on Equity(ROE)(%)	2.40	1.02	3.21	3.93	9.71	15.21	2.43	7.67

Source: The table was prepared by the researcher based on Appendix II and Appendix III

3.9.1.2.Efficiency Indicators:

Efficiency is the cornerstone of effective resource management. In this segment, the dissect Efficiency Indicators-a toolkit to evaluate how adeptly a company employs its resources, manages costs, and navigates the intricacies of its operations. Efficiency Indicators are financial metrics that assess how well a company or organization utilizes its resources, manages costs, and operates its assets to generate income and achieve its financial goals. These indicators provide insights into the effectiveness and productivity of various aspects of a company's operations, helping stakeholders evaluate the efficiency of resource allocation and utilization.

Efficiency indicators are particularly important for decision-makers, including management, investors, and analysts, as they offer valuable information about the company's ability to optimize its inputs and generate outputs in a cost-effective and sustainable manner.

First: Current Ratio: This ratio shows the company's short-term liquidity. Divide current assets by current liabilities to get the calculation. Assets like cash, accounts receivable, and inventory that can be turned into cash within a year are referred to as current assets. All obligations, including accounts payable, that are due within a year are included in current liabilities. Generally speaking, if the company's current ratio is less than 1, it may not have enough convertible assets to cover its short-term liabilities.(Neelu et. al., 2020, p.72). The formula is as below:

Current ratio = Current assets / Current liabilities

Second: Working Capital: Typically, this liquidity metric is used in conjunction with other liquidity metric (such the current ratio, which contrasts current liabilities and assets). But instead of using ratios, it expresses outcomes in cash. Low working capital could indicate that the business would struggle to fulfill its financial obligations. On the other hand, an excessive amount could indicate that it is not making the most use of its resources. (Nuryani & Sunarsi, 2020, p.309). The formula for working capital is:

Working Capital = Current assets – Current liabilities

Third: Quick Ratio/Acid Test: The quick ratio is a liquidity risk key performance indicator that assesses how well a business can turn short-term assets into cash in order to pay short-term obligations. Quick assets, like inventory, are liquid assets that can be turned into cash without the need to write down or deduct the value. Because it gauges a company's

financial health, the fast ratio is also known as the acid test ratio. It shows how fast the business can raise money to pay off debt in the event that cash flow issues arise. Businesses typically aim for a quick ratio of more than 1. (Idawati & Wahyudi, 2014, p.21). The formula for quick ratio is:

Quick ratio = Quick assets / Current liabilities

Fourth: Current Accounts Receivable (AR) Ratio: This metric indicates the degree to which the company's clients pay their bills on schedule. It is determined by dividing the entire amount of all accounts receivable by the proportion of unpaid sales that are still within the company's billing terms. Since a higher percentage indicates fewer past-due invoices, it is typically preferable. The low ratio suggests that the business is having trouble getting customers to pay, and it may be a sign of potential future cash flow issues. (Prabowo et. al., 2018, p.3). The formula will be:

Current accounts receivable = (Total accounts receivable – Past due accounts receivable) / Total accounts receivable

Fifth: Current Accounts Payable (AP) Ratio: This metric assesses how quickly the business pays its invoices. It is calculated by dividing the entire amount of outstanding supplier payments by the total amount of accounts payable. A greater ratio indicates that the business has paid more invoices on schedule. While splitting payments with suppliers could help the business's cash flow issues, it might also make suppliers less willing to provide the company good credit terms in the future. (Burnie & de Ridder, 2023, p.290). The formula for current account payable is:

Current accounts payable= (Total accounts payable–Past due accounts receivable)/Total accounts receivable

Based on the data at (Table 3.16.: Efficiency Indicators) for the years 2021 and 2022 for the four banks (Ci Cihan Bank for Islamic Investment and Finance, Region Trade Bank- RT Bank, Bank of Baghdad, and Iraqi Islamic Bank for Investment and Development) can the analyze the efficiency indicators as follow:

First: Cost to Income Ratio:

- a. **Cihan Bank for Islamic Investment and Finance:** Cihan Bank significantly improved its cost to income ratio, indicating better cost management and increased efficiency in generating income.
- b. **Region Trade Bank-RT Bank:** RT Bank started incurring costs in 2022, and the ratio is still relatively low, suggesting efficient cost management but a need for careful monitoring.
- c. **Bank of Baghdad:** Bank of Baghdad improved its cost to income ratio, indicating better efficiency in managing costs and generating income.
- d. **Iraqi Islamic Bank for Investment and Development:** Iraqi Islamic Bank maintained a constant cost to income ratio. A ratio of 100% suggests that the bank's expenses equal its income.

Second: Loan-to-Deposit Ratio:

- a. **Cihan Bank for Islamic Investment and Finance:** Cihan Bank's loan-to-deposit increased, indicating a higher level of lending relative to deposits.
- b. **Region Trade Bank-RT Bank:** RT Bank decreased its loan-to-deposit ratio, suggesting a more conservative approach to lending compared to the previous year.
- c. **Bank of Baghdad:** Bank of Baghdad increased its loan-to-deposit ratio, indicating a higher reliance on loans for generating income.
- d. **Iraqi Islamic Bank for Investment and Development:** Iraqi Islamic Bank significantly increased its loan to deposit ratio, suggesting a more aggressive approach to lending.

Third: Loan-to-Asset Ratio:

- a. **Cihan Bank for Islamic Investment and Finance:** Cihan Bank's loan-to-asset ratio increased, indicating a higher proportion of assets allocated to loans.
- b. **Region Trade Bank-RT Bank:** RT Bank decreased its loan-to-asset ratio, indicating a lower proportion of assets allocated to loans.
- c. **Bank of Baghdad:** Bank of Baghdad increased its loan-to-asset ratio, suggesting a higher proportion of assets allocated to loans.

- d. ***Iraqi Islamic Bank for Investment and Development:*** Iraqi Islamic Bank's loan-to-asset ratio remained relatively stable.

Fourth: Debt-to-Equity Ratio:

- a. ***Cihan Bank for Islamic Investment and Finance:*** Cihan Bank significantly reduced its debt-to-equity ratio, indicating a decrease in financial leverage.
- b. ***Region Trade Bank-RT Bank:*** RT Bank increased its debt-to-equity ratio, suggesting a higher level of financial leverage.
- c. ***Bank of Baghdad:*** Bank of Baghdad's debt to equity ratio remained high, indicating a substantial reliance on debt for financing.
- d. ***Iraqi Islamic Bank for Investment and Development:*** Iraqi Islamic Bank increased its debt-to-equity ratio, indicating a higher level of financial leverage.

Fifth: Loan Loss Provision (LLP) Ratio:

- a. ***Cihan Bank for Islamic Investment and Finance:*** Cihan Bank increased its LLP ratio, suggesting a higher provision for potential loan losses.
- b. ***Region Trade Bank-RT Bank:*** RT Bank significantly reduced its LLP ratio, indicating improved loan quality or risk management.
- c. ***Bank of Baghdad:*** Bank of Baghdad's LLP ratio decreased significantly, indicating better management of loan loss provisions.
- d. ***Iraqi Islamic Bank for Investment and Development:*** Iraqi Islamic Bank increased its LLP ratio, suggesting a higher provision for potential loan losses.

Sixth: Current Ratio:

- a. ***Cihan Bank for Islamic Investment and Finance:*** Cihan Bank's current ratio increased, indicating improved shortterm liquidity.
- b. ***Region Trade Bank-RT Bank:*** RT Bank's current ratio remained stable.
- c. ***Bank of Baghdad:*** Bank of Baghdad's current ratio remained stable.
- d. ***Iraqi Islamic Bank for Investment and Development:*** Iraqi Islamic Bank's current ratio increased significantly, but it remains low, indicating potential liquidity challenges.

Seventh: Current Accounts Receivable(AR) Ratio(%):

- a. ***Cihan Bank for Islamic Investment and Finance:*** Cihan Bank significantly reduced its current AR ratio, indicating better management of receivables.
- b. ***Region Trade Bank-RT Bank:*** RT Bank's current AR ratio remained constant at 0%, suggesting no change in the proportion of current accounts receivable.
- c. ***Bank of Baghdad:*** Bank of Baghdad's current AR ratio decreased, indicating improved management of current accounts receivable.
- d. ***Iraqi Islamic Bank for Investment and Development:*** Iraqi Islamic Bank's current AR ratio increased slightly.

Eighth: Accounts Payable (AP) Turnover:

- a. ***Cihan Bank for Islamic Investment and Finance:*** Cihan Bank's AP turnover decreased, indicating a slower rate of paying suppliers.
- b. ***Region Trade Bank-RT Bank:*** RT Bank's AP turnover increased significantly, suggesting a faster rate of paying suppliers.
- c. ***Bank of Baghdad:*** Bank of Baghdad's AP turnover increased, indicating a faster rate of paying suppliers.
- d. ***Iraqi Islamic Bank for Investment and Development:*** Iraqi Islamic Bank's AP turnover decreased, indicating a slower rate of paying suppliers.

Ninth: Days Payable Outstanding (DPO)(days):

- a. ***Cihan Bank for Islamic Investment and Finance:*** Cihan Bank's DPO increased, indicating a longer period to pay suppliers.
- b. ***Region Trade Bank-RT Bank:*** RT Bank's DPO decreased significantly, indicating a shorter period to pay suppliers.
- c. ***Bank of Baghdad:*** Bank of Baghdad's DPO increased significantly, indicating a longer period to pay suppliers.
- d. ***Iraqi Islamic Bank for Investment and Development:*** Iraqi Islamic Bank's DPO increased significantly, indicating a longer period to pay suppliers.

Tenth: Accounts Receivable (AR) Turnover:

- a. ***Cihan Bank for Islamic Investment and Finance:*** Cihan Bank's AR turnover increased, indicating a faster rate of collecting on accounts receivable.

- b. **Region Trade Bank-RT Bank:** RT Bank's AR turnover increased significantly, indicating a faster rate of collecting on accounts receivable.
- c. **Bank of Baghdad:** Bank of Baghdad's AR turnover decreased, indicating a slower rate of collecting on accounts receivable.
- d. **Iraqi Islamic Bank for Investment and Development:** Iraqi Islamic Bank's AR turnover decreased significantly, indicating a slower rate of collecting on accounts receivable.

Eleventh: Asset Turnover:

- a. **Cihan Bank for Islamic Investment and Finance:** Cihan Bank's asset turnover remained stable, indicating a consistent level of sales relative to its total assets.
- b. **Region Trade Bank-RT Bank:** RT Bank's asset turnover increased, indicating a higher level of sales relative to its total assets.
- c. **Bank of Baghdad:** Bank of Baghdad's asset turnover remained stable.
- d. **Iraqi Islamic Bank for Investment and Development:** Iraqi Islamic Bank's asset turnover remained stable.

Twelfths: Overall Analysis:

- a. **Cihan Bank for Islamic Investment and Finance** showed improvements in various efficiency indicators, particularly in the cost-to-income ratio and accounts receivable turnover.
- b. **Region Trade Bank-RT Bank** demonstrated improvements in some areas, (accounts payable turnover), but also faced challenges, especially in the loan-to-deposit ratio.
- c. **Bank of Baghdad** exhibited improvements in the cost-to-income ratio and days payable outstanding, suggesting better cost management and an extended period to pay suppliers.
- d. **Iraqi Islamic Bank for Investment and Development** showed significant changes, particularly in the loan-to-deposit ratio and debt-to-equity ratio, indicating a more aggressive approach to lending and increased financial leverage.

- e. It's important to note that efficiency ratios may be influenced by the specific strategies and business models of each bank, as well as external economic conditions. A comprehensive analysis would also consider industry benchmarks and historical trends to provide a more complete understanding of each bank's performance.

Table 3.16.: Efficiency Indicators

Indicators		Bank-Year							
		Cihan Bank		RT Bank		Bank of Baghdad		Iraqi Islamic Bank	
		2021	2022	2021	2022	2021	2022	2021	2022
1	CosttoIncome Ratio(%)	72.46	57.61	0.00	2.30	75.34	71.89	100	100
2	LoantoDeposit Ratio(%)	0.03	0.31	3.08	1.99	6.76	8.08	5.62	10.80
3	LoantoAsset Ratio(%)	0.01	0.10	1.70	1.20	4.88	6.44	3.95	4.06
4	DebttoEquity Ratio(%)	342.98	64.69	162.47	211.72	374.75	382.19	318.92	436.70
5	Loan Loss Provision(LLP) Ratio(%)	63.69	77.30	80.80	36.71	34.79	4.61	1.31	46.94
6	Current Ratio	1.15	1.22	1.21	1.21	1.23	1.22	0.073	0.828
7	Current Accounts Receivable(AR) Ratio(%)	144.21	100	0.00	0.00	2.03	1.46	0.81	0.93
8	Accounts Payable(AP) Turnover	89.46	72.83	1.12	7.67	5,632.59	7.89	3.83	1.27
9	Days Payable Outstanding(DPO)(days)	4.09	5.01	328.19	47.73	0.65	46.32	94.75	286.44
10	Accounts Receivable(AR) Turnover	1.24	1.55	678.19	1,491.47	75.34	55.41	2,204.87	107.93
11	Asset Turnover	0.02	0.02	0.48	0.64	0.06	0.06	0.0395	0.0406

Source: The table was prepared by the researcher based on Appendix II and Appendix III

3.9.1.3.Growth Indicators

Financial measurements known as "growth indicators" track a company's growth and development over a given time frame. These metrics show the overall strength and sustainability of the company's business operations by providing insights into its capacity to grow its revenue, profitability, and market share. (Waage et. al., 2005, 1151). Growth indicators are essential for stakeholders, including investors, analysts, and management, as they offer valuable information about a company's potential for future success and its capacity to capitalize on new opportunities (Cai, 2016, p.89).

First: Revenue Growth Rate: calculates the revenue growth percentage of a business over a given time period.

Revenue Growth Rate = $(\text{Current Revenue} - \text{Previous Revenue}) / \text{Previous Revenue} \times 100$

Second: Loan Growth Rate: The Loan Growth Rate assesses the percentage increase in a financial institution's loan portfolio over a given period. The formula is similar to the revenue growth rate:

Loan Growth Rate = $(\text{Current Loans} - \text{Previous Loans}) / \text{Previous Loans} \times 100$

Third: Deposit Growth Rate: The Deposit Growth Rate measures the percentage increase in a financial institution's deposits over a specific period. The formula is similar to the loan growth rate:

Deposit Growth Rate = $(\text{Current Deposits} - \text{Previous Deposits}) / \text{Previous Deposits} \times 100$

Fourth: Sales Growth Rate: For the majority of businesses, this is the most important KPI. It is expressed as a percentage and shows variations in net sales over time. Businesses typically compare revenues to the same time in the previous year or to quarterly variations in sales in the current year. Positive figures indicate growth in sales, whilst negative values indicate no growth (Ishikawa et. al., 2010, p.21). The Sales Growth Rate is often used in the context of companies that sell goods or services. It measures the percentage increase in sales over a specific period. The formula is similar to the revenue growth rate:

Sales Growth Rate = $(\text{Current Sales} - \text{Previous Sales}) / \text{Previous Sales} \times 100$

Fifth: Earnings Per Share (EPS) Growth: determines how much the earnings per share have grown over time. Additionally, a bank's profitability can be calculated per share using the EPS. Given that it shows the bank's capacity to produce profits for its equity holders, it is important to investors and shareholders. The percentage change in a company's earnings per share over a given time period is measured by earnings per share (EPS) growth. Investors and analysts frequently use this important financial statistic to evaluate the performance and profitability of a firm. The formula for calculating EPS growth is as follows:

EPS Growth Rate = $(\text{Current EPS} - \text{Previous EPS}) / \text{Previous EPS} \times 100$

Here's a breakdown of the components:

- **Current EPS:** The earnings per share for the most recent period.

- **Previous EPS:** The earnings per share for the preceding period (often the previous year or quarter).

The result is then multiplied by 100 to express the growth rate as a percentage. The analysis of the growth indicators for the four banks (Cihan Bank for Islamic Investment and Finance, Region Trade Bank-RT Bank, Bank of Baghdad, and Iraqi Islamic Bank for Investment and Development) based on the data at (Table 3.17.: Growth Indicators) provided for the years 2021 and 2022.

First: Revenue Growth Rate (%):

- Cihan Bank for Islamic Investment and Finance:** Cihan Bank experienced positive revenue growth in 2022, showing an improvement over the slight decline in 2021.
- Region Trade Bank-RT Bank:** RT Bank exhibited substantial revenue growth, indicating a significant increase in its income in 2022.
- Bank of Baghdad:** Bank of Baghdad maintained a high revenue growth rate, indicating strong performance in generating income.
- Iraqi Islamic Bank for Investment and Development:** Iraqi Islamic Bank's revenue growth slowed down in 2022, reaching 0%, which might warrant further investigation.

Second: Earnings Per Share (EPS) Growth:

- Cihan Bank for Islamic Investment and Finance:** Cihan Bank's EPS growth decreased to 0% in 2022, which may raise concerns among investors.
- Region Trade Bank-RT Bank:** RT Bank showed a recovery in EPS growth in 2022, although it remained negative.
- Bank of Baghdad:** Bank of Baghdad exhibited a significant improvement in EPS growth, moving from a substantial decline to positive growth.
- Iraqi Islamic Bank for Investment and Development:** Iraqi Islamic Bank showed a remarkable recovery in EPS growth, indicating a significant positive change in profitability.

Third: Loan Growth Rate:

- a. ***Cihan Bank for Islamic Investment and Finance:*** Cihan Bank experienced an exceptional increase in loan growth, recovering from a substantial decline in 2021.
- b. ***Region Trade Bank-RT Bank:*** RT Bank showed positive loan growth, indicating an expansion of its loan portfolio in 2022.
- c. ***Bank of Baghdad:*** Bank of Baghdad exhibited strong loan growth, indicating increased lending activities.
- d. ***Iraqi Islamic Bank for Investment and Development:*** Iraqi Islamic Bank showed positive loan growth, indicating an expansion of its loan portfolio.

Fourth: Deposit Growth Rate:

- a. ***Cihan Bank for Islamic Investment and Finance:*** Cihan Bank's deposit growth rate turned negative in 2022, indicating a decrease in deposits.
- b. ***Region Trade Bank-RT Bank:*** RT Bank exhibited positive deposit growth, albeit at a lower rate compared to 2021.
- c. ***Bank of Baghdad:*** Bank of Baghdad maintained positive deposit growth, indicating a steady increase in deposits.
- d. ***Iraqi Islamic Bank for Investment and Development:*** Iraqi Islamic Bank showed positive deposit growth, although at a slightly lower rate in 2022.

Fifth: Sales Growth Rate:

- a. ***Cihan Bank for Islamic Investment and Finance:*** Cihan Bank's sales growth turned positive in 2022, indicating an improvement in its overall business performance.
- b. ***Region Trade Bank-RT Bank:*** RT Bank exhibited significant sales growth, indicating an expansion of its business activities.
- c. ***Bank of Baghdad:*** Bank of Baghdad maintained a high sales growth rate, indicating robust business performance.
- d. ***Iraqi Islamic Bank for Investment and Development:*** Iraqi Islamic Bank showed positive sales growth, indicating an expansion of its overall business activities.

Sixth: Overall Analysis:

- a. **Cihan Bank for Islamic Investment and Finance** demonstrated positive growth in revenue, loan portfolio, and sales, but the decline in deposit growth and EPS growth in 2022 requires attention.
- b. **Region Trade Bank-RT Bank** exhibited substantial growth in revenue, loan portfolio, and sales. The positive change in EPS growth suggests an improvement in profitability.
- c. **Bank of Baghdad** maintained high growth rates in revenue, loan portfolio, and sales. The significant improvement in EPS growth indicates enhanced profitability.
- d. **Iraqi Islamic Bank for Investment and Development** showed positive growth in revenue, loan portfolio, and sales. The remarkable recovery in EPS growth indicates a significant positive change in profitability.

Positive growth is generally a good thing, but it's important to think about how sustainable these growth rates are and how they can affect the banks' overall financial stability. For a thorough examination, factors including market competitiveness, risk management techniques, and economic situations should be looked into further.

Table 3.17.: Growth Indicators

Indicators	Bank-Year							
	Cihan Bank		RT Bank		Bank of Baghdad		Iraqi Islamic Bank	
	2021	2022	2021	2022	2021	2022	2021	2022
1 Revenue Growth Rate(%)	-0.28	15.26	9.74	65.93	32.74	39.17	11.28	0
2 Earnings Per Share(EPS) Growth(%)	55	0	-43.05	27.30	-90.32	77.50	-56.90	256
3 Loan Growth Rate(%)	70	796.76	-0.41	7.62	32.74	39.17	11.28	50.15
4 Deposit Growth Rate(%)	24.91	-8.67	70.92	35.03	7.94	13.17	29.31	16.02
5 (2;(%))	0.28	5.26	9.74	65.93	32.74	39.17	11.28	50.15

Source: The table was prepared by the researcher based on Appendix II and Appendix III

- Positive change in EPS growth suggests an improvement in profitability.
- a. **Bank of Baghdad:**
 - Maintained high growth rates in revenue, loan portfolio, and sales.

- Significant improvement in EPS growth indicates enhanced profitability.

b. *Iraqi Islamic Bank for Investment and Development:*

- Showed positive growth in revenue, loan portfolio, and sales.
- Remarkable recovery in EPS growth indicates a significant positive change in profitability.

c. *General Observations:*

- Positive growth across key indicators is generally favorable, indicating expansion and development for the banks.
- Sustainability of growth rates and potential impacts on overall financial health should be carefully considered.
- Factors (economic conditions, market competition, and risk management practices) should be further investigated for a comprehensive analysis.
- Overall, the banks have demonstrated varying degrees of resilience and growth, emphasizing the need for a holistic assessment of their financial performance and strategic positioning.

CONCLUSION

In the final chapter of this research, the will provide a comprehensive conclusion based on the findings and analysis presented throughout this study. The will revisit the research objectives and questions, summarize the key findings, discuss their implications, and suggest recommendations for the private banking sector in Northern Iraq. Additionally, the will acknowledge the study's limitations and propose areas for future research. This chapter aims to offer a clear and concise overview of the research's significance and contributions to the field of private banking and financial reporting.

RECAP OF RESEARCH OBJECTIVES

Before delving into the conclusions, let's revisit the research objectives outlined at the beginning of this study:

- a. **Objective 1:** To assess the impact of internal factors on the quality of accounting reports in private banks operating in Northern Iraq.
- b. **Objective 2:** To examine the influence of external factors, including economic, regulatory, and market conditions, on the preparation and disclosure of financial indicators, such as profitability, efficiency, and growth indicators, and their effect on the quality of accounting reports in private banks in Northern Iraq.
- c. **Objective 3:** To investigate specific external factors that shape the implementation of financial indicators and their impact on the quality of accounting reports in private banks in Northern Iraq.
- d. **Objective 4:** To analyze the influence of profitability indicators on the quality of accounting reports in private banks in Northern Iraq.
- e. **Objective 5:** To explore the impact of efficiency indicators on the quality of accounting reports in private banks in Northern Iraq.
- f. **Objective 6:** To assess the effect of growth indicators on the quality and strategic role of accounting reports in private banks in Northern Iraq.
- g. **Objective 7:** To evaluate the strategic role of financial indicators, including profitability, efficiency, and growth indicators, in enhancing the quality of accounting reports in private banks operating in Northern Iraq.

- h. Objective 8:** To determine whether financial indicators significantly reflect on the quality of accounting reports in private banks in Northern Iraq.

Findings,

In conclusion, this research has shed light on the complex interplay of internal and external factors shaping the quality of accounting reports in private banks operating in Northern Iraq. The study has identified significant influences from economic, regulatory, and market conditions, as well as from specific external factors unique to the region. Furthermore, it has emphasized the strategic role of financial indicators in enhancing report quality and their reflection of the bank's overall performance, efficiency, and growth prospects.

While acknowledging its limitations, this research provides a foundation for future studies and offers practical implications for private banks seeking to enhance their financial reporting practices. It is our hope that this work contributes to the broader understanding of financial reporting in the banking sector and supports better decision-making within the industry.

The would like to express our gratitude to all participants, institutions, and stakeholders who contributed to this study, and the look forward to continued research in this field to drive positive change and innovation in the private banking sector.

First: Financial Indicators: Our analysis revealed that profitability, efficiency, and growth indicators significantly influence the quality of accounting reports. Banks that effectively calculate and interpret these indicators tend to produce higher-quality reports. financial indicators have revealed their crucial role in providing objective, quantitative insights into various dimensions of financial performance and health. From profitability indicators to solvency ratios, these indicators serve as essential tools for stakeholders, aiding them in making informed investment, credit, and operational decisions. The have seen that financial indicators are not static but interconnected, and their selection depends on the specific aspect of financial analysis under consideration.

Our analysis revealed that profitability, efficiency, and growth indicators significantly influence the quality of accounting reports. Banks that effectively calculate and interpret these indicators tend to produce higher-quality reports. financial indicators have revealed their crucial role in providing objective, quantitative insights into various dimensions of

financial performance and health. From profitability indicators to solvency ratios, these indicators serve as essential tools for stakeholders, aiding them in making informed investment, credit, and operational decisions. They have seen that financial indicators are not static but interconnected, and their selection depends on the specific aspect of financial analysis under consideration.

Second: Reflection of Financial Indicators: The reflection of financial indicators on the quality of accounting reports is a multifaceted relationship. It depends on how effectively banks utilize these indicators in their reporting processes. The Financial indicators significantly reflect on the quality of accounting reports in private banks in Northern Iraq. Financial indicators, including profitability, efficiency, and growth indicators, play a strategic role in enhancing the quality of accounting reports in private banks operating in Northern Iraq. Reflection of Financial Indicators: The reflection of financial indicators on the quality of accounting reports is a multifaceted relationship. It depends on how effectively banks utilize these indicators in their reporting processes. And:

- a. **Influence of Profitability Indicators:** Profitability indicators significantly influence the quality of accounting reports in private banks in Northern Iraq.
- b. **Influence of Efficiency Indicators:** Efficiency indicators significantly influence the quality of accounting reports in private banks in Northern Iraq.
- c. **Effect of Growth Indicators:** Growth indicators significantly impact the quality and strategic role of accounting reports in private banks in Northern Iraq.

Third: Internal Factors: They found that internal factors do have a notable impact on the quality of accounting reports in private banks in Northern Iraq. Factors such as management commitment and internal controls were found to be positively correlated with report quality. So; The internal factors significantly affect the quality of accounting reports in private banks in Northern Iraq. They found that internal factors do have a notable impact on the quality of accounting reports in private banks in Northern Iraq. Factors such as management commitment and internal controls were found to be positively correlated with report quality.

Fourth: External Factors: Despite the study's focus on internal financial indicators, it is recommended to monitor and account for significant external factors, such as regulatory

changes or economic shifts, that may influence financial reporting practices. External Factors: External factors, including regulatory compliance and economic stability, were identified as critical in shaping the preparation and disclosure of financial indicators. These factors indirectly affect the quality of accounting reports by influencing the accuracy and transparency of financial information. The external factors, including economic, regulatory, and market conditions, significantly shape the implementation of financial indicators and have a significant impact on the quality of accounting reports in private. Specific external factors described significantly influence the quality of accounting reports in private banks in Northern Iraq. External Factors: Despite the study's focus on internal financial indicators, it is recommended to monitor and account for significant external factors, such as regulatory changes or economic shifts, that may influence financial reporting practices. External Factors: External factors, including regulatory compliance and economic stability, were identified as critical in shaping the preparation and disclosure of financial indicators. These factors indirectly affect the quality of accounting reports by influencing the accuracy and transparency of financial information.

CONCLUSIONS OF PRCTICAL PART

First: Conclusion of Profitability Indicators: Overall General Conclusions on Profitability Indicators(2021-2022):

- a. **Cihan Bank for Islamic Investment and Finance:** Shows stable Return on Sales(ROS) but experienced a decrease in Return on Equity(ROE). Further investigation is recommended to understand factors affecting shareholder returns.
- b. **Region Trade Bank-RT Bank:** Faced challenges, particularly in ROS, suggesting potential issues with generating profits from sales. However, maintained stable Return on Assets(ROA) and increased Return on Equity(ROE).
- c. **Bank of Baghdad:** Stands out with significant improvements in ROS, ROA, and ROE, indicating robust financial performance and efficient resource utilization. Shows substantial increases in profitability and higher returns for shareholders.

- d. ***Iraqi Islamic Bank for Investment and Development:*** Experienced substantial improvements in ROS, ROA, and ROE, indicating enhanced profitability and more efficient use of assets to generate profits. Shows significant increases in returns for shareholders.
- e. ***In general;*** Bank of Baghdad and Iraqi Islamic Bank for Investment and Development demonstrate strong financial performance and efficiency over the two years. Cihan Bank's stable ROS is counterbalanced by a decrease in ROE, warranting attention. Region Trade Bank-RT Bank faces challenges in ROS but maintains stability in ROA and improves ROE.

Second: Conclusion of Efficiency Indicators: Overall General Conclusions on Efficiency Indicators (2021-2022):

- a. ***Cihan Bank for Islamic Investment and Finance:***
 - Demonstrated improvements in various efficiency indicators, notably in the cost-to-income ratio and accounts receivable turnover.
 - Increased current ratio and reduced debt-to-equity ratio, indicating better short-term liquidity and decreased financial leverage.
- b. ***Region Trade Bank-RT Bank:***
 - Showed improvements in some areas, (accounts payable turnover), but faced challenges, particularly in the loan-to-deposit ratio.
 - Started incurring costs in 2022, suggesting efficient cost management but a need for careful monitoring.
- c. ***Bank of Baghdad:***
 - Exhibited improvements in the cost-to-income ratio and days payable outstanding, suggesting better cost management and an extended period to pay suppliers.
 - Increased loan-to-deposit ratio, indicating a higher reliance on loans for generating income.
- d. ***Iraqi Islamic Bank for Investment and Development:***

- Showed significant changes, particularly in the loan-to-deposit ratio and debt-to-equity ratio, indicating a more aggressive approach to lending and increased financial leverage.
- Experienced improvements in the current ratio, but it remains low, potentially indicating liquidity challenges.

e. *General Observations:*

- Each bank's efficiency ratios may be influenced by specific strategies, business models, and external economic conditions.
- Comprehensive analysis should consider industry benchmarks and historical trends for a more complete understanding of each bank's performance.
- While efficiency indicators provide valuable insights, a holistic evaluation of the banks' overall financial health would involve considering additional financial metrics.

Third: Conclusion of Growth Indicators: Overall General Conclusions on Growth Indicators (2021-2022):

d. *Cihan Bank for Islamic Investment and Finance:*

- Positive growth in revenue, loan portfolio, and sales, but a decline in deposit growth and EPS growth in 2022 requires attention.
- Demonstrated resilience in recovering from a substantial decline in loan growth in 2021.

e. *Region Trade Bank-RT Bank:*

- Exhibited substantial growth in revenue, loan portfolio, and sales.

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APPENDICES

APPENDIX I

QUESTIONNAIRE

Title of Questionnaire: The Effect of Financial Indicators on Accounting Report Quality.

Dear Participants, we are conducting an important research as part of an M.Sc. program to investigate *(The Effect of Financial Indicators on the Quality of Accounting Reports in the Banking Sector with a focus on the implementation of private banks in Northern Iraq)*. Your participation in this questionnaire is crucial to the success of this research project.

Purpose: This questionnaire aims to gather insights and opinions from professionals and stakeholders in the banking sector regarding the impact of financial indicators on the quality of accounting reports. Your valuable input will contribute to a deeper understanding of this topic and provide valuable information for the research.

Instructions: Please take a few moments to answer the following questions honestly and thoughtfully. Your responses will be kept strictly confidential, and your identity will remain anonymous. If a question does not apply to your situation, you may skip it.

Estimated Time: The questionnaire should take approximately (15-20) minutes to complete.

Confidentiality: Rest assured that all responses will be treated with the utmost confidentiality, and the data collected will be used for research purposes only.

Contact: If you have any questions or require further clarification during the questionnaire, please feel free to contact the researcher at amr.abdulkarim.1999@gmail.com. Your feedback and participation are greatly appreciated.

Deadline: We kindly request that you complete this questionnaire by [July 30 2023]. Your timely response will help ensure the success of this research.

Gratitude: We sincerely thank you for your time and valuable input, which will contribute to advancing knowledge in the field of accounting and finance.

Sincerely,
 M. A. AL-KHAYAT
 T. A. AL-KHAYAT
 D. A. AL-KHAYAT
 Accounting and Finance
 M. A. AL-KHAYAT
 T. A. AL-KHAYAT
 D. A. AL-KHAYAT

QUESTIONNAIRE FORM

Statements or Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Axis I: Internal Factors Affecting the Quality of Accounting Reports in Private Banks in Northern Iraqi Private Banks.					
1. The banks' failure to offer qualification courses and necessary training programs for continuous professional development in financial reporting affects the quality of accounting reports.					
2. The ethical standards governing the bank's issuance of Financial Indicators(Profitability, Efficiency, and Growth Indicators) have gained greater significance due to the exceptional challenges posed by relying on these reports, reflecting their value in accounting reports.					
3. The urgent need has arisen to establish a secure and reliable electronic communication platform displaying Financial Indicators(Profitability, Efficiency, and Growth Indicators), given their impact on the quality of accounting reports, and to facilitate access to these reports.					
4. Some accounting quality reports have encountered difficulties in dealing with the electronic evidence requirements imposed by the conditions of Financial Indicators(Profitability, Efficiency, and Growth Indicators). This challenge arises from a lack of experience with modern software and advanced communication technologies.					
5. Staying up to date with the latest standards and guidelines issued by international and local professional organizations related to the accounting profession in light of the growing reliance on Financial Indicators(Profitability, Efficiency, and Growth Indicators) is a significant concern with a serious impact on the quality of accounting reports.					
6. Problems related to providing the necessary infrastructure and operational requirements for remote communication between banks and clients have emerged due to the widespread reliance on Financial Indicators(Profitability, Efficiency, and Growth Indicators), affecting the quality of accounting reports.					
7. The widespread reliance on Financial Indicators(Profitability, Efficiency, and Growth Indicators) has exposed some clients to the risk of business continuity disruption due to the slowdown in banking activities resulting from technical measures and restrictions related to financial reporting preparation and publication. These Indicators directly affect the quality of accounting reports.					
8. The unstable situation created by the era of Financial Indicators(Profitability, Efficiency, and Growth Indicators) has made it challenging to accurately assess audit risks, significantly impacting the quality of accounting reports.					
9. The lack of prioritization in preparing and publishing Financial Indicators(Profitability, Efficiency, and Growth Indicators) has led to a loss of reliability in accounting reports, thereby affecting the reputation of their quality.					
10. Delays in completing work and issuing reports by banks due to reduced working hours have significantly impacted disclosure and transparency processes concerning					

Financial Indicators(Profitability, Efficiency, and Growth Indicators), which represent crucial aspects of accounting report reliability. The second axis: The impact of external factors on the preparation and publication of Financial Indicators(Profitability, Efficiency, and Growth Indicators) and their impact on the quality of accounting reports in private banks in Northern Iraq:					
Axis II: The Impact of External Factors on the Preparation and Disclosure of Financial Indicators, (Profitability, Efficiency, and Growth Indicators), and their Effect on the Quality of Accounting Reports in Private Banks in Northern Iraq.					
First: External Factors Shaping Financial Indicator Implementation and Accounting Report Quality in Northern Iraqi Private Banks.					
11. External factors affect such as;(Economic conditions, or regulatory changes) on the timing of preparing and publishing Financial Indicators(Indicators of profitability, efficiency, and growth) in private banks in Northern Iraq, and thus on the quality of accounting reports in those institutions.					
12. The competitive landscape and external market pressures affect the decision-making process regarding the disclosure of Financial Indicators(Profitability, Efficiency, and Growth Indicators), and the quality of accounting reports in private banks in Northern Iraq.					
13. Macroeconomic factors such as;(Inflation rates, GDP growth), on the accuracy and reliability of Financial Indicators, (Indicators of profitability, efficiency, and growth), and thus affect the quality of accounting reports in private banks in Northern Iraq.					
14. There are specific external regulatory changes and compliance requirements that have led to modifications to Financial Indicators(Profitability, Efficiency, and Growth Indicators) in private banks in Northern Iraq, which has been reflected in the quality of accounting reports.					
15. External stakeholders influence such as;(Investors, monetary and regulatory authorities), on transparency and disclosure of Financial Indicators, (Indicators of profitability, efficiency and growth), and this affects the quality of accounting reports in private banks in Northern Iraq.					
16. Shifts in customer behavior and technological progress, as external factors, affect the development of the presentation and disclosure of Financial Indicators(profitability, efficiency and growth Indicators) to meet the requirements of stakeholders, which affects the perceived quality of accounting reports in private banks in Northern Iraq.					
Second: The Influence of Profitability as one of a Financial Indicator Calculation and Interpretation on Accounting Report Quality in Private Banks of Northern Iraq.					
17. There is an impact of differences in calculating Financial Indicators(Profitability, Efficiency, and Growth Indicators) on the overall quality and credibility of accounting reports in private banks in Northern Iraq.					
18. Determining the proportions of Financial Indicators(Indicators of profitability, efficiency and growth) has a significant impact on the perception of financial health in the accounting reports of private banks in Northern Iraq.					
19. The trends of Financial Indicators(Profitability, Efficiency, and Growth Indicators) during multiple					

reporting periods affect the decision-making process of stakeholders and their confidence in the quality of accounting reports in private banks in Northern Iraq.					
20. Disclosure and interpretation of Financial Indicators(Profitability, Efficiency, and Growth Indicators) are consistent with the quality standards of accounting reports in private banks in Northern Iraq, with the necessary measures taken to ensure transparency in this regard.					
21. Fluctuations in Financial Indicators(Profitability, Efficiency, and Growth Indicators) lead to amendments in accounting reports, or additional disclosures to provide context to stakeholders, which is reflected in the quality of those reports for private banks in Northern Iraq.					
22. Financial Indicators(Profitability, Efficiency, and Growth Indicators) contribute to assessing financial risks in accounting reports. What affects the overall quality of reports submitted to investors and creditors in private banks in Northern Iraq.					
Third: The Influence of Efficiency as one of the Financial Indicator Calculation and Interpretation on Accounting Report Quality in Private Banks of Northern Iraq.					
23. Efficiency Indicators contribute, such as;(Asset turnover ratio, or cost to income ratio), in the overall quality and reliability of accounting reports, in banks operating in Northern Iraq.					
24. Efficiency Indicators across multiple reporting periods affect stakeholders' decision-making process and their confidence in the quality of accounting reports in banks operating in Northern Iraq.					
25. Changes in performance Indicators that provide narrative adjustments, or additional disclosures, in accounting reports; To provide stakeholders with valuable context affecting the quality of accounting reports in banks operating in Northern Iraq.					
26. Improving the strategies and practices used in efficiency Indicators enhances the importance, quality and reliability of accounting reports in banks operating in Northern Iraq.					
27. Efficiency Indicators help in assessing operational risks within accounting reports, and thus contribute to achieving the overall quality of reports for investors and creditors in banks operating in Northern Iraq.					
28. There is an impact of the process of harmonizing efficiency Indicators and the quality of accounting reports on the strategic decision-making process in banks operating in Northern Iraq.					
Fourth: The Impact of Growth Indicators on the Quality and Strategic Role of Accounting Reports in Private Banks of Northern Iraq.					
29. Financial Indicators of Growth, such as;(Revenue growth rate, expanding market share), contribute in enhancing the overall quality and credibility of accounting reports in private banks in Northern Iraq.					
30. External market dynamics, such as;(Shifts in customer demand, or industry disturbances), to interpret and present Growth Indicators in accounting reports in private banks in Northern Iraq.					
31. The ways in which Growth Indicators work in assessing the competitive position of private banks in Northern Iraq within accounting reports, and this contributes to the overall quality of reports to investors and creditors.					

32. There is an impact of Financial Indicators, (Profitability, Efficiency, and Growth Indicators), on the nature and form of banking activities in private banks in Northern Iraq.					
33. Growth Indicators are used as predictive tools for future financial performance in accounting reports, and how does this use affect the reliability and quality of reports in private banks in Northern Iraq.					
34. Fluctuations in Growth Indicators affect the public perception of financial health and stability in accounting reports, affecting stakeholders in private banks in Northern Iraq.					
<i>Fifth: The Strategic Role of Financial Indicators in Enhancing the Quality of Accounting Reports in Private Banks Operating in Northern Iraq.</i>					
35. Financial Indicators, (Profitability, Efficiency, and Growth Indicators), constitute the strategic focus of banking activities in private banks operating in Northern Iraq, which is reflected in the quality of accounting reports.					
36. Financial Indicators, (Profitability, Efficiency, and Growth Indicators), affect operational efficiency and the structure of banking activities within private banks operating in Northern Iraq, and also affect the decision-making process regarding cost management and use of resources.					
37. Financial Indicators, (Profitability, Efficiency and Growth Indicators), influence the expansion and diversification of banking activities in the private banking sector in Northern Iraq, including branch networks and product portfolios.					
38. Financial Indicators, (Profitability, Efficiency, and Growth Indicators), contribute to shaping pricing strategies for banking products and services in the private banking sector in Northern Iraq, and influence customer offers and value propositions.					
39. Financial Indicators, (Profitability, Efficiency, and Growth Indicators), have an effective impact in improving banking operations and enhancing the comprehensive customer experience in private banks operating in Northern Iraq, which is reflected in the quality of accounting reports.					
40. Financial Indicators, (Profitability, Efficiency and Growth Indicators), contribute to identifying market opportunities and designing banking activities to meet the evolving needs of customers and companies in private banks operating in Northern Iraq, which affects the quality of accounting reports.					
<i>Axis III: The Reflection of Financial Indicators, (Profitability, Efficiency, and Growth Indicators), on the Quality of Accounting Reports.</i>					
41. The Financial Indicators, (Profitability, Efficiency and Growth Indicators), influence in guiding resource allocation decisions and improving operations in private banks, shaping the way banking activities are conducted.					
42. Financial Indicators, (Profitability, Efficiency and Growth Indicators), play an important role in driving innovation, adopting technology, and providing banking services in private banks operating in Northern Iraq.					
43. Financial Indicators(Profitability, Efficiency, and Growth Indicators) play an important and decisive role in evaluating the completeness of accounting reports in private banks in northern Iraq.					

44. Preparing accounting reports using a consistent set of Financial Indicators(Profitability, Efficiency, and Growth Indicators), and in accordance with applicable legal, regulatory and professional standards(locally and internationally) achieves credibility and reliability in accounting reports and enhances their quality in private banks operating in Iraq.					
45. When discovering any errors, distortions or omissions in the Financial Statements, and in calculating Financial Indicators, (Profitability, Efficiency, and Growth Indicators), the bank must work to correct and report them, which will provide a reliable opinion, making the Financial Statements valuable to users, in private banks in northern Iraq, in issuing Investment provisions.					
46. If the Financial Statements and Financial Indicators, (Profitability, Efficiency, and Growth Indicators), are adequately prepared on a going concern basis, and a material uncertainty is identified and appropriate disclosures are provided, the bank must not amend any item or paragraph for the purpose of improving its financial position because that will weaken its reliability and negatively affect the quality of the reports.					
47. If the Financial Statements have been prepared and the Financial Indicators, (Profitability, Efficiency, and Growth Indicators), calculated, by the Bank, on an appropriate basis on a going concern basis, and a material uncertainty has been identified, but no appropriate disclosures have been provided, to clarify the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern, And that the matter has not been disclosed, as appropriate in the financial data and indicators of the establishment, the matter will reflect negatively on the quality of accounting reports in private banks in northern Iraq.					
48. The areas that were important to stakeholders for the previous year may require expansion of some Financial Indicators, (Profitability, Efficiency, and Growth Indicators), to include consideration of the response of the private bank in northern Iraq to changes in the business environment.					
49. The bank's commitment to the rules and ethics of professional conduct when preparing Financial Statements and calculating Financial Indicators, (Profitability, Efficiency, and Growth Indicators), leads to maintaining integrity and impartiality, and enhancing professional impartiality, and thus leads to meeting the needs of users of accounting reports and maximizing their quality.					
50. The bank shall seek the assistance of the external auditor for the purpose of auditing and reviewing the Financial Statements, and ensuring that the Financial Indicators, (Profitability, Efficiency, and Growth Indicators), are calculated accurately, as it is necessary to draw the users' attention to a matter that was presented or disclosed appropriately in the Financial Statements, and which the external auditor considers to be of such importance that it becomes essential. To understand the users of Financial Statements, which enhances the quality of accounting reports.					

51. The use of the largest number of Financial Indicators, (Profitability, Efficiency, and Growth Indicators), in a three-dimensional manner, is decisively reflected if the principles of disclosure, transparency and accountability are achieved, and the quality of accounting reports is greatly enhanced.					
52. The various Financial Indicators, (Profitability, Efficiency, and Growth Indicators), can influence the Accuracy, Completeness, and Reliability of the information presented in accounting reports. It's important to consider how these indicators can reflect the financial health and performance of a company, and how they are communicated in accounting reports to stakeholders such as investors, regulators, and management. The quality of accounting reports can be significantly affected by the proper interpretation and presentation of these financial indicators.					
53. The combination of Financial Indicators, (Profitability, Efficiency, and Growth Indicators), allows stakeholders to assess a company's overall financial health. For instance, a company with high profitability, efficient operations, and steady growth is often seen as financially robust.					

APPENDIX II

Year 2021				
Indicators	Cihan Bank	RT Bank	Bank of Baghdad	Iraqi Islamic Bank
Earnings Before Interest and Taxes	9,041,969	79,986,930,460	37,148,542	9,462,543
Net Sales	25,110,454	386,733,053,263	79,807,417	36,189,513
Net Income	6,835,674	9,879,244,463	29,980,263	6,628,338
Revenue	25,110,454	386,733,053,263	79,807,417	36,189,513
Total Assets for Period	1,254,902,674	807,038,837,658	1,230,678,778	916,171,473
Shareholders' Equity	284,821,842	307,329,467,298	309,129,878	272,523,005
Current Assets	590,728,472	565,037,866,165	1,455,270,524	63,648,468
Current Liabilities	511,398,059	466,616,310,135	1,180,172,929	869,377,625
Total Liabilities	977,457,478	499,709,370,359	1,230,678,778	643,648,468
Liquid Assets	1,214,299,813	396,733,053,263	887,817,261	647,578,362
Net Credit Sales	13310212	11,629,407,834	121,636,282	293,621,782
Average Accounts Receivable	10,752,839	12,263,141,602	2,434,708	179,652
Average Accounts Payable	203,359	17,113,679	42,306,043	8,484,454
Net Credit Purchases	18,182,800	1,318,829,495	79,807,417	36,189,513
Current Revenue	25,110,454	386,733,053,263	79,807,417	36,189,513
Previous Revenue	25,182,288	352,378,648,794	60,076,767	32,521,181
Current Loans	150,000	13,728,677,000	1,616,256	583,372,233
Previous Loans	500,000	13,784,500,000	3,811,138	451,141,164
Current Deposits	475,437,331	444,640,553,409	1,157,462,988	293,662
Previous Deposits	380,603,829	260,438,579,904	1,072,372,065	245,026,332
Current Sales	25,110,454	386,733,053,263	79,807,417	36,189,513
Previous Sales	25,182,288	352,378,648,794	60,076,767	32,521,181
Current EPS	108,500	9,385,282,240	0.120	0,025
Previous EPS	70,000	16,471,328,527	1.237	0,058

Source: The table was prepared by the researcher based on:

- Cihan Bank for Islamic Investment and Finance(2022). Final accounts for the year ending 31/12/2022.
- Cihan Bank for Islamic Investment and Finance(2021). Consolidated financial statements as of 31/12/2021.
- Region Trade Bank(RT Bank)(2022). Financial statements and auditor's report for the year ending 31 December, 2022.
- Region Trade Bank(RT Bank)(2021). Financial statements and auditor's report for the year ending 31 December, 2021.
- Bank of Baghdad(2022). 30 Year Annual Report 2022.
- Bank of Baghdad(2021). Annual Report 2021.
- Iraqi Islamic Bank for Investment and Development(2022). Thirty Annual Report 2022.
- Iraqi Islamic Bank for Investment and Development(2021). Thirty One Annual Report 2021.

APPENDIX III

Year 2022				
Indicators	Cihan Bank	RT Bank	Bank of Baghdad	Iraqi Islamic Bank
Earnings Before Interest and Taxes	9,572,591	161,805,261,156	63,789,805	26,621,683
Net Sales	28,932,353	641,693,653,807	111,021,952	54,326,440
Net Income	7,883,787	12,574,570,984	53,154,485	22,164,472
Revenue	28,932,353	641,693,653,807	111,021,952	54,326,440
Total Assets for Period	1,281,032,085	997,321,462,268	1,724,199,578	1,336,694,369
Shareholders' Equity	776,462,116	319,904,038,282	349,626,266	289,262,564
Current Assets	599,674,970	760,206,737,704	1,626,345,417	1,047,431,805
Current Liabilities	489,708,927	630,163,129,672	1,335,123,642	1,262,739,337
Total Liabilities	501,872,233	677,417,423,986	1,374,573,312	1,047,431,805
Liquid Assets	1,230,773,602	641,693,563,807	111,021,952	54,326,440
Net Credit Sales	16,643,372	25,543,948,512	89,496,407	581,745,000
Average Accounts Receivable	10,720,269	1,787,284,972	4,125,064	81,175
Average Accounts Payable	176,686	17,113,679	32,564,559	25,459,350
Net Credit Purchases	12,888,747	1,735,837,168	111,659,094	54,326,440
Current Revenue	28,932,353	641,693,653,807	111,021,952	54,326,440
Previous Revenue	25,110,454	386,733,053,263	79,807,417	36,189,513
Current Loans	1,345,142	14,772,345,000	579,381	502,786,856
Previous Loans	150,000	13,728,677,000	1,616,256	583,372,233
Current Deposits	434,201,424	599,951,172,821	1,310,000,000	502,787
Previous Deposits	475,437,331	444,640,553,409	1,157,462,988	293,662
Current Sales	28,932,353	641,693,653,807	111,021,952	54,326,440
Previous Sales	25,110,454	386,733,053,263	79,807,417	36,189,513
Current EPS	108,500	11,945,842,435	0.213	0.089
Previous EPS	108,500	9,385,282,240	0.120	0.025

Source: The table was prepared by the researcher based on:

- Cihan Bank for Islamic Investment and Finance(2022). Final accounts for the year ending 31/12/2022.
- Cihan Bank for Islamic Investment and Finance(2021). Consolidated financial statements as of 31/12/2021.
- Region Trade Bank(RT Bank)(2022). Financial statements and auditor's report for the year ending 31 December, 2022.
- Region Trade Bank(RT Bank)(2021). Financial statements and auditor's report for the year ending 31 December, 2021.
- Bank of Baghdad(2022). 30 Year Annual Report 2022.
- Bank of Baghdad(2021). Annual Report 2021.
- Iraqi Islamic Bank for Investment and Development(2022). Thirty Annual Report 2022.
- Iraqi Islamic Bank for Investment and Development(2021). Thirty One Annual Report 2021.