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Impact of Mandatory Transition to the IFRS Adoption on Financial Performance of Private Commercial Iraqi Banks

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The purpose of this research is to test the effect of the mandatory transition of the application of IFRS in the financial performance of Iraqi banks, specifically the basic financial ratios contained in the ROE model. The research methodology is designed to suit this objective by selecting a sample of private commercial banks year 2015 was chosen as the year before implementation and then year 2016 as the year following application.The Wilcoxon model was used to test hypotheses because the selected sample represented both tribal and remote data for application results.The research faced a number of challenges, most notably the small sample and the lack of full implementation of financial reporting standards by some banks, and this study is the first attempt to study the effect of the adoption of IFRS in the financial performance of banks in Iraq. The results showed that the effect of significant differences between before and after implementation in two ratios (return on equity and return on assets) Such as those on other financial ratios that the transition to the application of IFRS has a general effect on the performance of banks but does not affect the performance of partial financial, we recommend that similar tests On other economic sectors in Iraq such as industry, oil and gas.

Key words: *IFRS; Financial performance; Iraqi GAAP; Financial ratios.*

Introduction

The banking industry has become global industry, especially after the great developments in information technology (IT), media, communication, and the globalization of financial and banking markets. As the transfer and transfer of funds easier and more flexible and innovative methods developed using electronic banking tools, Thus, competition in this economic sector can be seen in recent decades, but at the same time we see that banks are more vulnerable to financial crises than other sectors because their assets are characterized by high risks. In 2008, for example, the collapse of 330 banks in the United States alone, The Union of International Banks has issued successive regulatory and financial requirements to be applied by member states (Basel I, Basel II, Basel III). However, many of these requirements require consistent accounting systems for the purpose of knowing the level of application correctly and fairly.

The International Financial Reporting Standards (IASB) issued by the International Accounting Standards Board (IASB), which aims to produce high quality accounting standards that aim to lead to comparisons between companies around the world. The exchange of information in a conceptual manner and the proper financial analysis of the performance of companies based on similar rules (Belkaoui, 2005: 125) is one of the most important and appropriate tools in this regard.The adoption and implementation of financial reporting standards has taken various levels and formats developed (Warsono, 2011) at four levels (harmonization, adaption, convergence, and adoption). Include (a) harmonize, to provide or accompany with harmony (b) to adapt, to make it fit (for a new use) often by modification.(c) to converge to come together and unite in a common interest or focus formally accepts and put into effect (Suryanto,Olifia,2015; Flayyih, Salih, Rahma, & Mohammed, 2020).

In Iraq, the first level has been applied since the 1990s by issuing a number of standards that comply with international accounting standards issued at that time, accompanied by the application of some international standards (partial implementation of international accounting standards), and then the shift to compulsory application Of the International Financial Reporting Standards on some sectors, specifically the banking sector and insurance companies as of the fiscal year 2016, this is in the guidance No. 9 issued by the Central Bank of Iraq in 2016, the year 2015 is considered the year of transition and the year 2016 is the actual year of implementation. Accordingly, this research aims to test the effects of mandatory application in the financial performance of the Iraqi banks, specifically in the financial ratios of the ROE model and Efficiency Overhead (EO) before and after implementation.

Literature Review

Daske, Hail, Leuz, & Verdi, (2008) examined the economic consequences of IFRS adoption for large sample of IFRS adoption for large sample of companies across 26 countries covering fiscal year ending on, or after 2001 through 2005 .Their finding indicate that IFRS adoption appears to be correlation with positive economic consequences for market liquidity ,cost of capital, and firm value.

Anna & Sahlstrom (2009) analyzed impact of IFRS adoption on key financial ratios on Finland .The result show that the adoption of IFRS changes the measure of the key accounting ratios. The researchers provided the literature by performance that the adoptions of display value accounting rules & stricter requirements on certain accounting issues are the purpose for the changes observed in accounting figures & financial ratios.
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Lont, Wong, Stent, Bradbury& Hooks (2010) investigated the impact of international financial reporting standards adoption on financial statements of companies on Newzealand for years 2005-2008.They found that 87% of these companies were influenced by IFRS adoption, and found that 87% of these companies were influenced by these standards and that the greatest effect was on small companies, and accordingly reflected the effect on the basic financial ratios of companies. The effect has large impact on key financial ratios.

In aspect of banking researches examine the implication of mandatory IFRS adoption on European banks, the research focused on the provision of debt losses in a number of European countries such as Denmark, Spain and Belgium.

The researchers find that the limitation to recognize only afford losses under IAS 39 significantly decrease income smoothing. This impact is less pronounced in countries with stricter bank supervision, widely dispersed bank ownership and for European bank cross listed in the US.

On the other side (Terzi et.al) (2013) studied the impact of IFRS on listed companies in turkey was examined. They results showed that the financial statements prepared in accordance with Turkish GAAP & IFRS were statistically different. Essentially differences were identified in inventory, long term assets, long term liabilities, and owners' equity accounts in financial statements in industrial sector.

Pallavi et.al (2017) analyze the effect of IFRS adoption upon the financial ratios on Indian companies. The research was applied for the period from the year 2010 to 2015, empirical analysis showed that the IFRS adoption has high a significant effect on debt to total assets ratio , probability ratio ..etc.

It is clear from this that the impact of adoption of financial reporting standards has been tested in different environments and sectors, including the banking sector, the authors will examine the effect of compulsory adoption of IFRS in the financial ratios of Iraqi commercial banks and using ratios of some that were not included in previous research.

Research Methodology

The Iraqi commercial banks represent the research Population which number (65) banks according to the following distribution Governmental banks (7 banks), Privat commercial banks (58 banks) distribution to Private foreign and Islamic commercial 34 banks & Private domestic commercial 24 banks. Government banks excluded from the choice of their own nature in terms of volume, financing and accounting practice, the Islamic banks were also excluded because of their different objectives and subject to the rules of Islamic law. Finally, foreign banks were excluded because they practiced the application of IFRS earlier than the domestic banks. Thus, a random sample was selected from the domestic commercial banks and (8) banks and their percentage (33%).

Two types of data were collected for the sample, the first for the fiscal year 2015 before the application and the other for the year 2016 the year following the application to determine the change in the basic financial ratios associated with the financial performance of the banks which are:

Return on equity model (Return on equity (ROE) , Return on assets (ROA) , Equity multiplier (EM) , Profit margin (PM) , Asset Utilities (AU) , and Overhead efficiency(OE), which has been adopted in obtaining data on Key financial statements and analysis tables and addition footnotes, because the objective of the research is to study the effect of mandatory application in the above financial ratios and on the same sample (related sample). The results obtained from the financial ratios were used to test the hypotheses of the research that were formulated, according to the Wilcoxon model, whose assumptions are based on the null hypothesis (there is no difference in the basic financial ratios before and after application) and on each financial ratios:

Ho1: No significant difference in (ROE) ratio between IGAAP and adoption of IFRS.
Ho2: No significant difference in (ROA) ratio between IGAAP and adoption of IFRS.
Ho3: No essential difference in (EM) ratio between IGAAP and adoption of IFRS.
Ho4: No essential difference in (AU) ratio between IGAAP and adoption of IFRS.
Ho5: No essential difference in (PM) ratio between IGAAP and adoption of IFRS.
Ho6: No essential difference in (OE) ratio between IGAAP and adoption of IFRS.

Theoretical Framework

International Financial Reporting Standards (IFRS) are guidelines, rules and methods for measuring and disclosing financial events in key financial statements and other disclosure methods (analytical tables and explanatory notes) in a common global language, assuming that the accounting environment is the same all over the world.

These standards are aimed to :(Belkaoui, 2005: 125):

a. Reduce or eliminate differences in accounting practices around the world.
B. Reduce accounting alternatives used in measurement and disclosure.
C. To assist the beneficiaries of the financial reporting in understanding the contents of the financial statements and the other specialties that include them and to do the following (

- Conduct comparisons between companies around the world.
- Exchange of information in an understandable manner.
- Perform appropriate financial analyzes of corporate performance based on similar rules.

D. The auditor shall be provided with rules and guidelines based on the performance of his work professionally and independently and testing the validity of the information contained in the financial statements to provide his neutral technical opinion.

Need for IFRS

The main reason for the need for international accounting standards lies in the openness of international financial markets to investors from foreign countries, followed by the diversification of their investment portfolios and their need for financial reports of an international nature that help them understand those reports when making investment decisions. Another reason is the development of global communication systems and information technologies, which have created new investment opportunities outside the local domain (Pallavi, et.al,2017:324).

Moreover there are several reasons encourage adoption of IFRS: (Doupnik&Perera , 2007:98):

1. All companies in effect, IFRS, replace national GAAP.
2. Parent companies preparing consolidated financial statement. National GAAP is used in parent company-only financial statements.
3. Stock exchange listed company preparing consoled financial statement. Non listed companies use national GAAP.

4. Foreign companies listing on domestic stock exchanges. Domestic companies use national GAAP.
5. Domestic companies that list on foreign stock exchanges. Other domestic companies use national GAAP

Adoption of IFRS

There is some common terminology used to describe the level of implementation of IFRS (harmonization adaption, convergence, and adoption).

Upton in (Warsono) (2007) mentions three terminology that is used as a little in his writings, namely adopt, adopt, & converge.Terminology level IFRS implementation according (Warsono) include (a) to harmonize, to provide or accompany with harmony (b) to adapt, to make it fit (for a new use) often by modification. (c) To converge, to come together and unite in a common interest or focus. (d) to adopt, formally accept and put into effect. (Suryanto & Olifia, 2015; Flayyih, Noorullah, Jari, & Hasan, 2020). Because of the complex legislative nature of Iraq and the fact that the accounting organization in Iraq is controlled by the state, in the 1990s, the Iraq Accounting Standards Board attempted to adopt the first level of Harmonization by issuing a number of Harmonize standards with international accounting standards. However, this faced great challenges because the selection of international accounting standards specific to others is not applicable in practice because many of the contents of those standards in other parts refer to other criteria, and in the first decade of this century, especially after the US occupation of Iraq and the new economic orientation towards the market economy.

Several authorities have started to push for the adoption of the International Accounting and Reporting Standards, such as the Central Bank of Iraq and the Iraqi Stock Exchange. This was stated in the Central Bank's Laws No. 56 of 2004, the Banking Law No. 94 of 2004 and the Securities Law No. 44 of 2004) For the year 2004 stipulate explicitly that the international accounting standards should be applied in the preparation of the financial statements of banks and insurance companies and the actual application of the fiscal year 2016 and considered the year 2015 to be a turning point. Thus, the adoption of standards in Iraq, especially in the banking sector is now at the last level, which can be called (mandatory IFRS adoption)

Major Differences between Iraqi GAAP (IGAAP) & IFRS

Due to the legal nature of the organization of accounting in Iraq, Iraqi companies are subject to the procedures and procedures of the uniform accounting systems, followed by government companies (public sector) unified accounting system,While private companies follow the other uniform accounting system (for private companies), government and private banks have implemented the so-called unified accounting system for banks and insurance companies since the 1980s. The parts of this system consist of the accounting guide, the structure of accounts and the calculations of expenses, revenues, assets and liabilities, and the definition of provisions for loan losses, interest and debit, as well as the types and content of financial statements, this system has not been developed until now, except for the treatments included in the accounting rules issued by the Board of Accounting and Auditing Standards in Iraq. And a few amendments made by the organizers with academic background (American or British). In addition, the CBI's guidebook contains many instructions and controls that have a clear reflection on the accounting practice of government and private banks.

At the time of the establishment of the Board of Accounting and controling Standards in Iraq at the end of the 8s of the last century, the Board has issued 14 accounting rules, most of which were derived from the corresponding International Accounting Standards (IAS).

Iraqi Accounting Rules

The authors present below the most important similarities and differences between the Iraqi accounting standards (IGAAP) and accounting standards and international financial reporting related to the work of banks as follows:(Uniform accounting system,2011; Epstien,2010; Ankarath,2010):

- Presentation of financial statements

Domestic Accounting rule No. 6 is broadly similar to IAS1. However, the requirements of the local rule added other requirements related to the needs of the national plan such as value-added disclosure, while the concept of comprehensive income included in the IASI was neglected.

- Presentation of bank & similar financial enterprises

Accounting Standard No.5 adopted most of the requirements of IAS30, which was subsequently replaced by IFRS 7 and therefore accounting practice in Iraq continues to adopt the requirements of IAS30 until the date of adoption of the International Financial Reporting Standard in 2016.

- Cash flow statement

There are no material differences between local rule 7 and its counterpart in IAS 7. The amendments to the international standard will be applied from 1 January 2018.

- The effects of changes in foreign currency rats

The similarity between the requirements of local rule (No.4) and the International Accounting Standard (IAS21), the practice of accounting in Iraq does not tend to the requirements of any of them because the tax authorities in Iraq have not recognized the accounting treatments for changes in foreign exchange rates during the fiscal year. The current exchange rate at the end of the year is considered as the basis for the translation of the financial statements and foreign currency foreign exchange adjustments (Aukarath.et.al:2016).

- Financial Instruments recognition & measurement

Some see local rule (No.14) as accounting for investments that meet the IAS39 while others consider it to be in conformity with International Accounting Standard IAS25 and the recent deregulation of international standards .It was recognized that the local rule corresponds to IAS39, but there are significant differences between the classification of the International Financial Assets Standard to four categories (AKarath , 2010: 231):

1. Hold to trading.
2. Hold to maturity
3. Loans & Receivable.
4. Available for sale.

- The International Financial Reporting and Reporting Standard (IASB), which has no corresponding local Iraqi standards.

The accounting practice of banks in Iraq shows that many international standards do not have the corresponding accounting rules, in particular that the number of IASs that are still in force is 28 standard and financial reporting standards is 17 standards, while the number of accounting rules issued by the Board of Accounting and Auditing Standards in Iraq number only 14 base.
Accordingly, for example, the Board issues an accounting base for equipment, factories and property, or banks are still based on recognition and proof of assets on the instructions of the consolidated accounting system,These guidelines focus on the use of historical cost to recognize assets and to adopt the straight-line method to calculate their recoveries and material differences with IAS16.While the local accounting rule included investments to long-term and short-term, the local rule did not include any treatments for financial liabilities, (Derivatives instruments,Hedge Accounting).The same can be said of the following international accounting and reporting standards: IAS (32)Financial instruments presentation , IAS (36) Impairment of Assets, (IFRS 9) Financial instruments,(IFRS 13) Fair value measurement,and (IAS16) Plant and equipment.

From the previous analysis, the similarities and differences between local standards and international standards related to the activities of the bank can be classified into areas:

- The complete match between them, it has been 2 standards and the incompleteness match reached 3 standards.

- Absence of an accounting base that met international standards and reached (5) standards, and thus can be said that the difference is approaching 70%.

Table 1: Similarities and differences between IFRS &IGAAP

IAS & IFRS	IGAAP	Harmonization Percentage %	Differences Percentage %
IAS1	Rule 6	60%	40%
IFRS7	Rule10	30%	70%
IAS7	Rule 7	100%	0%
IAS21	Rule 4	100%	0%
IAS39	Rule14	20%	80%
IAS16	No rule	0%	100%
IAS32	No rule	0%	100%
IAS36	No rule	0%	100%
IFRS9	No rule	0%	100%
IFRS13	No rule	0%	100%
Average		31%	69%

Financial Performance

The financial performance represents the financial results related to the liquidity and profitability that the company achieved during a specific period (usually annually). Thus, the financial performance analysis is to compare the financial figures and ratios shown by the financial statements of the company with the targeted numbers and ratios in a rational manner to ensure that these results are appropriate to the expectations and desires of shareholders, and then maintain the market value of the company (including the prices of its shares in the financial market) (Bhunia & Mukhcoti, 2011:269). Financial reports are a major source of users of accounting information, by which creditors (for example) examine the company's ability to meet its obligations in a timely manner (cash flows) and the appropriate interest rate for their loans. While these statements represent feedback for managers to evaluate their previous decisions and make the necessary improvements to those decisions in the future. In general, these decisions are related to several aspects, but the most common ones are those related to answering the following questions (Osmani, Deari, 2016):

1. How is the company's assets funded? (Internal or external sources)
2. Where is that money used? (Investing the money)
3. What is the appropriate time period for financing and investment? (short or long term)
4. What is an appropriate credit policy?
5. Selling in larger quantities to get less profit or vice versa?
6. When prices are reduced by a certain percentage, will the volume of sales increase by the same percentage?

To answer these questions, decisions must be taken and the best decisions are based on quantitative information. The best of this information is the profitability, liquidity, and solvency, those that refer to the relationship between numbers and these decisions are all linked

Results

The analysis of the results of this research was based on the data provided in the financial statements issued by the banks sample research, as the research revolves around the impact of the transition to IFRS, the baseline measure will be for the results that will emerge before and after IFRS. To implement this, the researcher tested the first five ratios of the so-called ROE model because it relates to the profitability of the banks and its main activity related to the operating revenues. The relation between these ratios can be shown in Figure 1.

The latter ratios are related to the ability of noninterest income to cover noninterest expenses. These ratios were chosen because the application of IFRS requires recognition of many unrealized gains and losses. Liquidity ratios were not considered as the first application of the standards does not affect in the liquidity of the bank .
Below the selected ratios and figure of ROE model ratios.

Model Figure 1. Return on Equity (ROE)

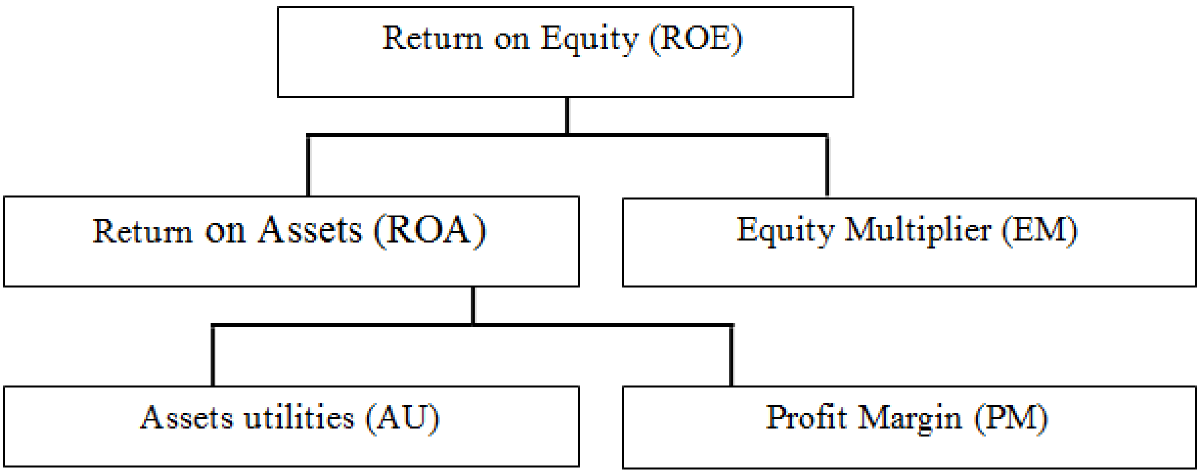

Table (2) presents the financial results of certain components of the financial statements (net income, total assets, etc.) as factors that will be used to calculate the underlying financial ratios subsequently.

Table 2: Financial results of sample

banks	IGAAP (2015)						IFRS(2016)					
	Total assets	Total equity	Net Income	Total Operation income	Noninterest income	Noninterest exp.	Total assets	Total equity	Net Income	Total Operation income	Noninterest income	Noninterest exp.
UB	701333	271699	(739)	14675	(1872)	14481	623810	260895	20302	10737	13004	10216
KB	993989	506536	42376	79724	29527	22870	959325	555261	47129	93391	56230	30944
AIB	379963	274856	13838	23567	17688	6939	415850	276531	17710	31800	15663	12996
BB	358698	244724	3579	23641	487	4055	361473	257864	7707	24742	133	9880
RTB	551178	246245	11087	21101	7049	8978	631686	259293	13047	23280	9885	9128
GB	812034	343794	9396	38206	14049	24756	802022	317733	5870	26083	6623	19127
BGB	1479042	266144	6488	97912	66485	35837	1200424	282821	20245	73620	50113	35699
NB	592231	264231	2207	28266	4732	24169	578817	287837	23501	44786	12753	17039

The above results, regardless of the financial ratios that will be shown in the subsequent analysis, indicate that noninterest income increased on net income in most banks. The reason is that these banks relied on their revenues on the dollar ($) sale window implemented by the bank Central Iraq. That property rights increased in 2016 by 2015, the reason for this is that the restrictive adjustments to accounting policies under IFRS have been accounted for in the reserves account, which is part of equity. In general, the profits of most sample banks research in year 2016 than year 2015 as a result of the recognition of unrealized gains under IFRS was not recognized under the local rules (IGAAP). After extracting the ratios mentioned above, Table (3) shows the changes that occurred in these ratios before and after the transition to IFRS application by the sample banks.

Table 3: key ratios of bank under (IGAAP & IFRS)

banks	Under IGAAP						Under IFRS					
	ROE %	ROA %	EM	AU	PM	OE	ROE %	ROA %	EM	AU	PM	OE
UB	(2.77)	0.10	2.70	2.09	(5.00)	(12.99)	7.75	3.25	2.39	1.72	189.08	127.90
KB	8.36	4.26	1.96	8.02	53.15	129.10	8.48	4.91	1.72	9.73	50.46	181.71
AIB	5.03	3.64	1.38	6.20	58.71	253.20	6.40	4.25	1.50	7.64	47.33	120.50
BB	1.46	0.99	1.47	6.59	15.13	12.00	2.98	2.13	1.39	6.84	31.14	1.34
RTB	4.50	2.00	2.25	3.82	52.54	78.51	5.03	2.06	2.44	3.68	56.04	108.29
GB	2.73	1.15	2.37	4.70	24.59	56.74	1.84	0.73	2.52	3.25	22.50	34.62
BGB	2.43	0.43	5.65	6.61	6.62	185.52	7.15	1.68	4.25	6.13	27.49	140.37
NB	0.83	0.37	2.24	4.77	7.80	19.57	8.16	4.05	2.01	7.73	52.47	74.84

Descriptive Statistics

In this paragraph we will provide a quantitative description and summary of the characteristics possessed by the sample according central tendency measures (Mean, Standard division, Minimum, and Maximum). The above results, regardless of the financial ratios that will be shown in the subsequent analysis, indicate that noninterest income increased on net income in most banks. The reason is that these banks relied on their revenues on the dollar ($) sale window implemented by the bank Central Iraq. That property rights increased in 2016 by 2015, the reason for this is that the restrictive adjustments to accounting policies under IFRS have been accounted for in the reserves account, which is part of equity. In general, the profits of most sample banks research in year 2016 than year 2015 as a result of the recognition of unrealized gains under IFRS was not recognized under the local rules (IGAAP). After extracting the ratios mentioned above, Table (4) shows the changes that occurred in these ratios before and after the transition to IFRS application by the sample banks, and the value of these values is recognized before and after the application of the International Financial Reporting Standards.

Table 4: Descriptive statistics under IGAAP & IFRS

Measures	IGAAP& IFRS	ROE	ROA	EM	AU	PM	OE
Mean	IGAAP	2.82	1.25	2.50	5.35	26.69	92.71
	IFRS	5.97	2.88	2.27	5.84	59.56	58.79
Standard Division	IGAAP	3.28	2.17	1.34	1.87	24.77	92.71
	IFRS	2.47	1.45	0.90	2.70	53.82	58.79
Minimum	IGAAP	-2.77	-0.10	1.38	2.09	-5.00	-12.00
	IFRS	1.84	0.73	1.39	1.72	22.50	1.34
Maximum	IGAAP	8.36	4.26	5.65	8.02	58.71	253.20
	IFRS	8.48	4.91	4.25	9.73	189.08	181.71

Test of Hypothesis

Since the sample data are not distributed naturally and the hypotheses are related to the same sample and for two different periods, the appropriate model for the test is (Wilcoxon Match Pairs signed ranks), this is the test proposed by Frank Wilcoxon. This test is performed in the case of prior and subsequent data or sample data for different periods, related pairs has interval /ratio score for each rank provided that the sample data does not exceed (25) pairs and not less than (6) pairs and preferably not less than (8) couples, as shown in **Table (5).**

Significant of Changes between IGAAP & IFRS

Table (5) shows the significance of the changes obtained before and after the adoption of IFRS, the table shows that changes in the ROE, ROA, PM ratios were mostly positive, the values after applying IFRS were positive in (7) banks versus one negative value in relation to the ROE ratio, and the same with respect to ROA ratio, (5) positive versus (3) negative values with respect to PM ratio. However, EM ratio was the negative changes of 5 banks and positive for 3 banks, the AU ratio, OE ratio is the same as the positive and negative changes.

Table 5: Significant test of ratios

ROE ratio		N	Mean Rank	Sum of Ranks
IFRS – IGAAP	Negative Ranks	1[a]	3.00	3.00
	Positive Ranks	7[b]	4.71	33.00
	Ties	0[c]		
	Total	8		
ROA ratio				
IFRS – IGAAP	Negative Ranks	1[a]	2.00	2.00
	Positive Ranks	7[b]	4.86	34.00
	Ties	0[c]		
	Total	8		
EM ratio				
ROE IFRS – IGAAP	Negative Ranks	5[a]	5.40	27.00
	Positive Ranks	3[b]	3.00	9.00
	Ties	0[c]		
	Total	8		
AU ratio				
ROE IFRS – IGAAP	Negative Ranks	4[a]	3.50	14.00
	Positive Ranks	4[b]	5.50	22.00
	Ties	0[c]		
	Total	8		

PM ratio

ROE IFRS – IGAAP	Negative Ranks	3[a]	2.33	7.00
	Positive Ranks	5[b]	5.80	29.00
	Ties	0[c]		
	Total	8		

OE ratio

ROE IFRS – IGAAP	Negative Ranks	4[a]	3.50	14.00
	Positive Ranks	4[b]	5.50	22.00
	Ties	0[c]		
	Total	8		

Statistical test of Ratios

A Wilcoxon signed – ranks test showed that adoption of IFRS ranks were statistically significantly higher than IGAAP test ranks related to (ROE) the (Z=-2.100 , P = 0.036).Also by related to (ROA) the (Z= -2.240 , p = 0.025) . Accordingly we will reject the null hypothesis and accept alternatives hypothesis that states:

(There is significant difference in (ROE) ratio between IGAAP and adoption of IFRS).
(There is significant difference in (ROA) ratio between IGAAP and adoption of IFRS).
AWilcoxon signed – ranks test indicated also that adoption of IFRS ranks were no significantly higher than IGAAP test ranks related to (AU, EM, AU, and OE). The test results showed that Z and P values were (Z= -1.260, P= 0.208), (Z= -0.560, P= 0.575), (Z= -1.560, P= 0.123), (Z= -0.560,P= 0.575) respectively. Accordingly we will accept the null hypothesis about it.

Table 6: Test Statistics of IFRS-IGAAP

Ratios ROE ROA EM	AU EM AU OE
Z -2.100 [b] -2.240	-1.260 -0.560 -1.560 -0.560
Asymp. Sig. (2-tailed) 0.036 0.025	0..208 0.575 0.123 0.575
a. Wilcoxon Signed Ranks Test	
b. Based on positive ranks.	

Conclusions

In this research, we analyzed the differences between Uniform accounting systems in Iraq (IGAAP) –based practices and IFRS practices of (8) private commercial banks. The results of analysis indicate that there are differences between the amounts of (assets, equity , net income , total operating income , noninterest income , and noninterest expenses) before and after adoption IFRS .we identified significant differences between IGAAP-based and IGAAP-based for all ratios (positive or negative) . As statistic test we found statistically differences in some ratios (ROE, ROA) between IGAAP and adoption of IFRS , and no statistically differences in other ratios (EM,AU, PM,OE) between IGAAP and adoption of IFRS .The research does not provide explanation or evidence on the reasons and consequences of IFRS adoption ,therefore , we recommend that additional researches be carried out to determine the benefit of IFRS adoption .

As the results are mostly positive in the financial performance of the banks, the sample of the study we propose to continue to apply international financial reporting standards in private Iraqi commercial banks and that the results useful for the administrations to plan future profitability and manage the assets of the bank efficiently, and is also useful to financial analysts and lenders and the Central Bank of Iraq to assess, Performance of banks on the basis of uniform basis.

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