

The Effect of Applying International Financial Reporting Standards (IFRS) on the Level of Accounting Information Asymmetry in Iraqi Private Banks

Dr. Ali Fadhil Dakhil¹, Dr. Ali Fakhir Kadhim²

^{1,2} Lecturer, University of Sumer – College of Administration and Economics – Department of Accounting

ABSTRACT: The research examines the relationship between the implementation of International Financial Reporting Standards (IFRS) and the level of accounting information asymmetry. Changes and developments have taken place in different fields over recent decades, especially technological, communication and information systems. This has increased users' demand for accounting information to support good managerial decisions at all levels. The problem facing accounting information systems today is not in generating information but in providing sufficient, efficient, accurate, timely relevant and reliable information that enhances decisions on accounting profit and investment.

The main aim of this paper is to study the impact of adopting IFRS in reducing accounting information asymmetry among parties interacting in the Iraqi Stock Exchange. High-quality accounting information capable of significantly narrowing the information gap between different interacting parties' high-quality accounting information capable of significantly narrowing the information gap and improving reported earnings, is expected under the application of IFRS.

KEYWORDS: International Financial Reporting Standards, accounting information asymmetry, Iraqi private banks, Iraqi Stock Exchange, high-quality accounting information, investment decisions

INTRODUCTION

Many international and regional professional accounting organizations have sprung up to regulate the profession and harmonize its standards, realizing that such standards are vital benchmarks in guiding the provision of clear and comprehensive information reflecting true economic values of business enterprises' transparency conditions. Harmonization aims at protecting stakeholders as well as informing financial markets.[1] The International Accounting Standards Committee (IASC) issued what became known as International Accounting Standards (IAS) during 1973-2001. In 2001, IASC was replaced by a new body called the International Accounting Standards Board (IASB), which set about revising some IAS standards or developing completely new ones to be known as IFRS.

Since 2001, the IASB has worked to develop a single set of high quality IFRS which would improve the quality of information disclosed to various user groups. These standards ensure financial information to be relevant, understandable and reliable besides ensuring comparability between different reporting periods for the same entity. Hicom par ability enhances managerial performance and fulfills investor requirements. Reduced information asymmetry as well as improvement in the quality of financial reporting can be identified with the adoption of IFRS.

Section One: How We Did the Research and What Others Have Found

What's the Issue?

Recently, more accounting scholars have shown interest in studying the effects of IFRS application since these standards are meant to develop rules that restrict the widening of accounting information asymmetry among participants in financial markets. The research problem is to determine the impact of emphasizing qualitative characteristics of accounting information under IFRS on enhancing financial reporting quality which will eventually narrow a random-walk based gap in stock prices within Iraq Stock Exchange resulting from inadequate relevant information guiding investor decision towards stock price formation.

Accordingly, this main question can be raised in the study: Is there any difference in the level of accounting information asymmetry before and after the application of IFRS in Iraqi private banks?

The importance of this research is evident in several aspects, which can be summarized in the following points:

- 1- Adherence to International Financial Reporting Standards (IFRS) aims to reduce accounting information asymmetry and improve the quality of financial reports.
- 2- Reducing accounting information asymmetry improves the quality of accounting earnings, thus providing an opportunity to enhance the efficiency of the stock market.
- 3- There is a growing trend among most companies listed on the Iraq Stock Exchange, especially private banks, to apply IFRS to improve the quality of their financial reports.

“The Effect of Applying International Financial Reporting Standards (IFRS) on the Level of Accounting Information Asymmetry in Iraqi Private Banks”

Research Objectives:

- 1- To present and discuss the theoretical aspects of International Financial Reporting Standards.
- 2- To understand the nature and measures of accounting information asymmetry and its relationship to international standards.
- 3- To examine the impact of applying IFRS on the level of accounting information asymmetry for a sample of Iraqi private banks listed on the Iraq Stock Exchange.

Research Hypotheses:

This research is based on the following main hypothesis: (The asymmetry of accounting information, measured by the share price or earnings metric, before and after the application of International Financial Reporting Standards (IFRS) in Iraqi private banks). This hypothesis is divided into:

- 1- Alternative Hypothesis: There are statistically significant differences in measuring the level of accounting information asymmetry according to the share price or earnings metric before and after the application of IFRS.
- 2- Null Hypothesis: There are no statistically significant differences in measuring the level of accounting information asymmetry according to the share price or earnings metric before and after the application of IFRS.

Data and Information Collection Methods: A. Theoretical Framework: In this section, the researcher will rely on accounting literature and sources in both Arabic and foreign languages, including books, journals, and published and unpublished research related to the research topic. B. Practical Aspect: The researcher will employ several methods to obtain the required data. The most important of these are the financial reports of a sample of Iraqi private banks listed on the Iraq Stock Exchange for different years of International Financial Reporting Standards (IFRS) implementation during the testing period 2016-2019, i.e., three years before and after the implementation of IFRS. One of these reports is used to measure the level of accounting information asymmetry.

***Accounting Information Asymmetry Measure (Share Price or Return Measure):**

This measure shows the rate of volatility in the returns of the economic unit's shares (i) during period (T) as a measure of the impact of accounting information asymmetry, according to the following equation:

$$B1 \text{ IFRS } it + B2 \text{ size } it + B3 \text{ value } + B4 \text{ nelTit} + B5 \text{ CFO } it + e_{it} + \text{Sri}, t = B0$$

SR is the standard deviation of the rate of return of shares i during period t , representing the effects of accounting information asymmetry.

$B0$: Model constant, $b1$, $b5$: Regression model coefficients, size: Company size (i) during period t .

Level: Leverage ratio, nett: Company profitability, cfo: Cash flow from operations.

E_{it} : The limit of random perturbation in the regression model.

Second: Previous Studies

A- A study conducted by Ibrahim El-Sayed in 2009 entitled "The Role of Published Financial Reports in Reducing Information Variance in the Capital Market," which aimed to identify the effects of information variance and its measures, in addition to the role of information content in published financial reports. The results showed an inverse relationship between the quantity and quality of information disclosed through published financial reports. Modern market variations. It also indicated that most of the apparent variation stems from insider information.

B. Hilal Abdel Fattah's research (2015), "The Relationship Between Earnings Management and Information Asymmetry: An Analytical Study of Joint-Stock Companies," aimed to identify and test the extent of an indirect relationship between them through voluntary disclosure, which is expected to be influenced by earnings management. The research also found a statistically significant positive relationship between estimated accruals and the bid-ask spread, and a negative, though not statistically significant, relationship between estimated accruals and transaction volume.

C. The objective of Vakilevard et al. (2011) can be defined as the perception gap between data producers and users, from the perspective of the qualitative characteristics of information and the application of International Financial Reporting Standards (IFRS) to reduce information asymmetry. This is also evident in the significant difference between data producers' views on financial reports, both in terms of the qualitative characteristics of accounting information and aspects of asymmetry, and users' views on these reports. [38]

$$B1 \text{ IFRS } it + B2 \text{ size } it + B3 \text{ levit} + B4 \text{ nelTit} + B5 \text{ CFOit} + e_{it} + \text{Sri}, t = B0$$

Where:

- **SR**: Volatility of stock returns for company (i) in period (t), used as a proxy for accounting information asymmetry
- **B_0** : Model constant
- **B_1 – B_5** : Regression coefficients
- **size**: Firm size for company (i) in period (t)
- **lev**: Financial leverage ratio
- **nett**: Firm profitability
- **CFO**: Cash flows from operating activities
- **e_{it}** : Random error term of the regression model

Second: Previous Studies

1. Ibrahim Al-Sayed (2009)

“The Role of Published Financial Reports in Reducing Information Asymmetry in the Capital Market”

This study aimed at identifying the effects and measures of information asymmetry as well as the role of data contents in published financial reports. It found that there is an inverse relationship between both quantity and quality aspects regarding informational content within financial reporting and levels pertaining to market’s information asymmetry; besides, it revealed that insider information is a main root cause for such type content-related aspect (information) asymmetries.

3. Vakilifard, H., et al. (2011)

"Voluntary Disclosure and its Relationship with Bid-Ask Spread and Stock Trading Volume"

This paper investigates the relationship between voluntary disclosure and both bid-ask spread as a sign of information asymmetry, and stock trading volume as a sign of liquidity in Tehran’s Stock Exchange Market during 2006 to 2008. The results show that there is significant negative relationship between the level of voluntary disclosure made by firms, and their bid-ask spreads while no significant relationship exists between trading volume and voluntary disclosure.

“Information Asymmetry Analysis between Users and Preparers of Accounting under the Qualitative Characteristics Methodologies Applied to Financial Reporting”

The objective of this study was to determine the perception gap between those who prepare and those who use financial reports with respect to qualitative characteristics of accounting information, as well as reliance on IFRS in reducing information asymmetry. It also found that views regarding qualitative characteristics-and hence sources for apparent information asymmetry-between users and preparers can generally be considered different.

What Are International Financial Reporting Standards (IFRS)?

Several studies depend on the widely accepted definition in professional publications which conceptual framework defines International Financial Reporting Standards (IFRS). “General rules issued by a specialized professional body (IASB) that determine accounting policies and treatments for various financial transactions and events of an economic unit, with the aim to provide reliable information that is objective and comparable,”(Barth & Lang 2011)(2)

Capkun and Jeanjean (2012) observed that IFRS are concept-based standards that set broad requirements and rely heavily on professional judgment at both the transaction level—emphasizing economic substance over legal form—and the financial statement level through the principle of fairness and faithful representation. In their view, “...rules- based US GAAP were still providing much guidance to preparers in

spite o f a recent shift toward a more principles-based approach to standard setting.” The following lenses can be used in viewing IFRS:

1. Manifestation of globalization:

IFRS symbolize the globalization of financial reporting by enhancing the qualitative characteristics of accounting information delivered to different user groups. These characteristics involve relevance, understandability and reliability and also better comparability of financial information between different reporting periods.

IFRS as an advanced and evolving body of standards:

IFRS are the logical and advanced continuation of standards, as issued by IASB and IFRIC. Continuous efforts reflect accounting treatments being developed and updated to respond to advancements in technology, economy, and information that support the objectives of financial reporting users (Capkun & Jeanjean 2012, p. 2).

Second: Efforts of Organizations and Institutions Toward IFRS Convergence

The accounting policy can only be formulated by a recognized professional body and is critical in assigning that body the power to develop accounting standards. Accounting policies are those tools applied by an economic entity in the generation and communication of financial information. There are several leading international, regional, and national organizations in the development of such tools and the environment which implements them Most mainly responsible bodies for issuing international accounting standards include (IASB, IASCF, 2009, p. 3):

1. International Accounting Standards Committee (IASC)

Formed as an independent, non-profit organization based in London in 1973, the IASC took the leading role at a global level in issuing accounting standards to narrow differences of accounting practices among countries. The pre-restructuring IASC issued forty-one International Accounting Standards (IAS). After several revisions, by 2001 there were thirty-four IAS still standing together with thirty-three official interpretations.

Since its formation until restructuring in 2001, the IASC aimed to (Whittington, 2011, p.3):

To formulate and publish accounting standards in the public interest and promote their worldwide acceptance.

The harmonization of regulations, accounting\standards ,and procedures relating to the presentation of financial statements between enterprises.

Discussion of national accounting issues among participating countries at an international forum.

Presentation of accounting concepts that could be adopted as international standards serving the public interest.

Develop harmony to a certain degree among the member countries’ accounting practices for enhanced comparability.

2. International Accounting Standards Board (IASB)

In 2001, IASC was reorganized to form IASB. The mission of IASB is the development of one set of high-quality principles-based and globally enforceable financial reporting standards. IFRS has been used by IASB to expand its function from simply harmonizing accounting standards around the world to creating comprehensible, applicable, and transparent accounting standards which will demand high-quality financial information.

The nonprofit foundation, under which the IASB works was formed in 2001. There are 22 trustees on its board coming from different professional bodies around the globe and is chaired by Mr. Kok An however, effective June 2012 this original founding committee of the IASB has been restructured into a ‘Monitoring Board’ comprising (IFRS, 2016:3) The IFRS Foundation includes both Esfandiari; Trustees of the IFRS Foundation and Monitoring Beartooth IFRS Foundation

The IFRIC is a committee under the IASB. It has 14 voting members. The Trustees of the IFRS Foundation appoint its members for their technical expertise and practical experience in different international financial reporting environments. This committee helps develop and improve accounting standards for users, preparers, and auditors of financial statements.

Formed in March 2002 as a successor body to the Standing Interpretations Committee (established in 1996), IFRIC's mandate is to address areas where guidance is lacking within the provisions of IFRS or where alternative interpretations may develop. The committee strives to: (IFRS, 2015)

interpret the application of IAS and IFRS and provide timely guidance on emerging issues not explicitly addressed by the IASB

Promote international accounting standards convergence by working together with other national standard-setting organizations aimed at harmonized results.

Release exposure drafts of proposed interpretations for public comment and consider all stakeholder input in developing final interpretations.

Adopt an approach to the development of interpretive guidance that is consistent with standards so as to maintain alignment with IFRS principles.

3. Benefits and Prospects of Applying International Financial Reporting Standards (IFRS)

There are benefits- to be emphasized more in a country with an emerging or less developed economy- from the application of International Financial Reporting Standards (Shiferaw & Assefa, 2020, p. 1042):

The confidence among international investors is improved by better disclosure through communication with all stakeholders that include not only investment but also financial assistance wherein IFRS motivates enterprises to apply for investments and loans,

IFRS enhances the credibility of financial statements relied upon by investors. It removes unnecessary complexity and reduces political influence previously embedded in local accounting standards to unify the accounting language. Adoption of IFRS improves and develops the professional practice, education, training, and regulation of accountancy. AI application increases awareness, reduces knowledge gaps, and provides sufficient resource bases to support the implementation of new accounting and auditing standards.

Kumar (2020, pp. 480–482) mentioned other additional advantages which enhance IFRS adoption and implementation:

The removal of obstacles to cross-border investment since the adoption of IFRS facilitates financial analysis across borders by making comparisons of financial statements between countries much easier thereby supporting international investors' decision-making.

IFRS enhance the transparency and reliability of financial statements, improving their usefulness for external users such as analysts and investors. This stands in contrast to local standards that were often designed to serve tax and government reporting requirements. In other words, IFRS inspire improvements in the quality of accounting and disclosure practices and reduction of earnings management. Good practice has been inspired not enforced.

Enhancing comparability allows financial information to be compared more effectively across countries, particularly in globally characteristic transactions, and reduces costs associated with such comparisons.

Fourth: The Concept of Accounting Information Asymmetry

Many studies discuss the concept and idea of accounting information asymmetry, which became so popular after the Nobel Prize-winning work by economist George Akerlof in 1970 on "The Market for Lemons: Quality Uncertainty and the Market Mechanism." His analysis made a pathway to apply the concept in capital markets.

Bloomfield (2011) argued that internal parties, mostly management, hold some privileged information about the economic unit—say firm value, abnormal gains, significant events affecting the future of the entity or likelihood of success or continuation. A gap has emerged in investment decision-making because external parties- investors and analysts among others- do not have access to these material disclosures at the same time as internal parties or perhaps never get them at all. This state of investment decision-making results in confusion and disorder in the market hence accounting information asymmetry between management and decision makers (Bloomfield, 2011, p. 44).

Lu (2010) explained accounting information asymmetry as a situation where management intentionally withholds material information or provides misleading information to achieve

“The Effect of Applying International Financial Reporting Standards (IFRS) on the Level of Accounting Information Asymmetry in Iraqi Private Banks”

abnormal stock returns before public disclosure. He further describes the condition as "a state of unequal information in the market whereby some investors possess private information that allows them to trade advantageously at the expense of others who do not have access to such information, thus affecting their ability to assess the economic content of available disclosures" (Lu, 2010, p. 4). Samaha (2008) defined information asymmetry as “the information gap that arises due to some market participants possessing material information unavailable to others, giving them an informational advantage that allows them either to avoid losses or achieve abnormal gains” (Samaha, 2008, p. 3).

Though there is no single broadly accepted definition, in one way or another most views center on the notion that information asymmetry is intentionally created by insiders for their own personal benefit. It can also be viewed as resulting when private-information investors exploit undisclosed information to achieve abnormal gains at the expense of uninformed investors.

Fifth: Measures of Information Asymmetry

Information asymmetry is the basic problem of capital markets. Informed party deliberately takes advantage of its informational benefit to earn abnormal returns. Since direct observation is not possible, there are two main market-based measures:

A. Bid-Ask Spread Measure

Another group of researchers applied standard deviation for a certain period or range within high and low prices to proxy volatility. Guo (2002, p. 64) pointed out that the two ways are substantially similar since high and low closing prices reflect high and low returns during the same period when variance takes place with return as a random variable. The present study uses both types because there is no theoretical conflict between them.

Accounting information helps investors assess a firm's current profitability, potential for growth, and exposure to risks. In other words, accounting information shows the present performance in published financial statements and assists in the prediction of future cash flows (dividends) that result in stock prices (Gajewski 2013 pp. 1-2).

Latridis and Rouvolis (2010) noted that differences in the way investors interpret financial statement information can result in a disagreement about future earnings and consequently future cash flows. This divergence increases volatility in stock prices which is taken as an indicator of information asymmetry. They specified a model to measure the volatility of stock returns for economic unit i during period t as a proxy for information asymmetry,

$$B1SIZE_{it} + B2LEV_{it} + B3NELT_{it} + B4CFO_{it} + E_{it}$$

Where:

- **SR**: Stock return volatility (proxy for information asymmetry)
- **B₀**: Model constant
- **SIZE**: Firm size
- **LEV**: Financial leverage
- **NELT**: Profitability
- **CFO**: Operating cash flows
- **E_{it}**: Error term

The present research adopts this model because it is the most suitable measure for detecting information asymmetry based on two reasons:

1. Stock price volatility directly reflects differences in investors' beliefs about future cash flows and related risks.
2. It aligns more closely with the nature of the Iraqi stock market, where bid and ask prices are often unavailable or difficult to obtain with precision.

Sixth: How Using IFRS Affects Accounting Information Asymmetry

Lately, both academics and professionals have been giving much consideration to the IASB issues and revisions of IAS and IFRS. The purpose of adopting IFRS is to develop high-quality reporting standards that would provide relevant, understandable, reliable, and comparable information over periods and among economic entities. Better managerial efficiency satisfies the investor's needs for such improvements in fulfilling better information to reduce asymmetry between management and investors (Valkilifard, 2011: 235).

Many studies have tested the link between IFRS adoption and information asymmetry. Grüssens and Sellhorn (2006) found decreasing information asymmetry as an indicator of higher financial reporting quality. Their results showed that entities applying IFRS experienced reductions in measures such as stock turnover, stock return volatility, and analysts' earnings forecast dispersion. The study concluded on findings that decreases in information asymmetry confirm better reporting quality under IFRS (Grüssens & Sellhorn, 2006, p. 3).

Garcia and Bastida (2010), Latridis (2010) broadly shared the view that IFRS has been widely accepted, more particularly in the fact that it was used as a benchmark for imposing mandatory adoption on member countries by the European Union in 2005. Adoption of IFRS,

eliminates the adverse effects caused by differences in accounting practices through better consistency and clarity of information, enhances country harmonization to improve comparability, and helps investors make sound financial judgments regarding future performance.

Improves the quality of reporting and reduces earnings management, hence reducing the information gap between management and investors.

Narrows down the accounting alternatives and strengthens disclosure requirements to reduce manipulation opportunities and improve market efficiency.

Jiao et al. (2012) measured IFRS effects on reporting quality through information asymmetry, in 19 European countries over the years 2004 to 2006 (pre-and post-IFRS adoption).

They found that IFRS significantly reduced information asymmetry and increased the quality of reporting. The accuracy of analysts' forecasts improved after the implementation of IFRS, with a lower dispersion as can be seen from Jiao et al. (2012, p.58)

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	SRit0	.034250	4	.0245136	.0122568
	SRit1	.045250	4	.0244455	.0122228

The results above show that the mean value of the variable **SR_{it}** before applying the standards was **0.034250**, with a standard deviation of **0.0245136**. After applying the standards, the mean value of **SR_{it}** increased to **0.045250**, with

a standard deviation of **0.0244455**. These values are used to calculate the **t-test** for the difference between the two groups—before and after the application of the standards. The results of this test are presented in the following table.

Paired Samples Test										
			Paired Differences				t	df	Sig. (2-tailed)	
			Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
						Lower				Upper
Pair 1	SRit0	-	-	.0361386	.0180693	-.0685046	.0465046	-	3	.586
	SRit1		.0110000					.609		

The average differences appear at -0.0110000 with a standard deviation of 0.0361386. The computed t-value for these differences appears at -0.609 with three degrees of freedom and significance (Sig.) 0.586, which is higher than the 5% level of significance to state that there is no statistically significant difference between the values of SR_{it} before and after the application of the standards.

A simple comparison of mean values for both groups indicates that the absolute mean of the variable before application of standards was lower than its corresponding value after application of standards. Also, the standard deviation before application of standards was higher than the standard deviation after application of standards. This implies more homogeneity in the variable after implementation of standards.

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Sizeit0	7283357	4	2247474.638	1123737.319
	Sizeit1	5141263.75	4	4496349.563	2248174.781

Above results display that, prior mean average for $Size_{it}$ was recorded at 7,283,357 with a standard deviation value of 2,247,474.638 and post; mean average for $Size_{it}$ has been calculated as 5,141,263.75 with a standard deviation value

standing at 4,496,349.563. These are the values being used in calculation of t-test for difference between two groups; before and after the application of the standards. The results of this test are presented in the following table.

Paired Samples Test										
		Paired Differences						t	Df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference					
					Lower	Upper				
Pair 1	Sizeit0 - Sizeit1	-2142093.25	2377070.218	1188535.109	-1640355.916	5924542.416	1.802	3	.169	

“The Effect of Applying International Financial Reporting Standards (IFRS) on the Level of Accounting Information Asymmetry in Iraqi Private Banks”

The results indicate that the mean difference between the two groups was 2,142,093.25, with a standard deviation of 2,377,070.218. The calculated t-value for these differences was 1.802, with 3 degrees of freedom, and a significance level (Sig.) of 0.169. Since this value is greater than the 5% significance level, it suggests that there is no statistically significant difference between the values of $Size_{it}$ before and after the application of the standards.

An examination of the mean values of the two groups shows that the absolute mean of the variable before applying the standards was higher than its absolute mean after the application of the standards. Additionally, the standard

deviation before applying the standards was lower than that after applying them, indicating that the variable became less homogeneous following the implementation of the standards. Testing the Effect Before and After Applying the Standards ($NeIT_{it}$)

The researcher examined and tested the effect of applying the standards by first calculating the mean values and standard deviations of the variable $NeIT_{it}$ before and after the implementation of the standards, as shown in the following table:

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	$NeIT_{it0}$	8509883262	4	6178226675	3089113337
	$NeIT_{it1}$	11338442790	4	6074729960	3037364980

The table above displays a mean value, before the standards have been applied, for $NeIT_{it}$ of 8,509,883,262 with a standard deviation of 6,178,226,675. After the standards were applied in $NeIT_{it}$, its mean value increased to 11,338,442,790

with a standard deviation of 6,074,729,960. These values shall be used in computing the t-test on difference between two groups-before and after application of the standards. The result of this test is shown in the table below.

Paired Samples Test									
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	NeITit0 - NeITit1	-2828559528	9073570037	4536785018	-17266634250	11609515190	-.623	3	.577

Results show that the average difference between both groups was -2,828,559,528 with a standard deviation of 9,073,570,037. The computed t-value for these differences is -0.623 at three degrees of freedom and a significance (Sig.) value of 0.577. Since this is bigger than the 5% significance level thus there is no statistically significant difference in $NeIT_{it}$ values before and after the application/implementation of the standards.

A look at the mean values of the two groups shows that the absolute mean of the variable before applying the standards was lower than its absolute mean after applying them. Also,

the standard deviation before applying the standards was higher than that after the application. This gives a view that the variable became more homogeneous under implementation of the standards.

Testing The Effect Before And After Applying The Standards (CFO_{it})

He applied and tested the effect of enforcing the implementation by first calculating mean values and standard deviations of the variable CFO_{it} before and after enforcement as indicated in the following table:

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	CFO_{it0}	-75783145420	4	157445159900	78722579950
	CFO_{it1}	79393967790	4	116429420000	58214709980

The table above shows that before the application of standards, the mean value of the variable CFO_{it} was -75,783,145,420 with a standard deviation of 157,445,159,900. After the application of standards, the mean

value of CFO_{it} became 79,393,967,790 with a standard deviation 116,429,420,000. These values have been used to compute a the t-test for difference between two groups i.e

“The Effect of Applying International Financial Reporting Standards (IFRS) on the Level of Accounting Information Asymmetry in Iraqi Private Banks”

before and after application of standards. The results of this test is given in table below.

Paired Samples Test										
		Paired Differences						t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference					
					Lower	Upper				
Pair 1	CFOit0 - CFOit1	-155177113200	267930159600	133965079800	-581513786500	271159560100	-1.158	3	.331	

The average difference between both groups was -155,177,113,200 with a standard deviation of 267,930,159,600. The computed t-value for these differences is -1.158 with three degrees of freedom at a significance (Sig.) level equal to .331. This being greater than five percent (<5%) in significance clearly proves that there cannot be any statistically significant difference between both values of CFO_{it} before and after the application of the standards.

A look at the mean values of the two groups further reveals that the absolute mean of the variable before applying the standards was lower than the absolute mean after application.

Also, a standard deviation before applying the standards higher than after applying them shows that the variable was more heterogeneous before implementation in comparison to becoming homogeneous after implementation.

Testing the Effect Before and After Applying the Standards (LEV_{it})

He analyzed and tested the impact of enforcing standards by first calculating mean values and standard deviations for the variable LEV_{it} before and after applying the standards, as provided in the table below:

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	LEVit0	.094122	4	.0907880	.0453940
	LEVit1	.421393	4	.2352462	.1176231

The results above show that the average value of the variable LEV_{it} before applying the standards was 0.094122 with a standard deviation of 0.0907880. After applying the standards, the average value of LEV_{it} becomes 0.421393 with a standard deviation of 0.2352462. These values clearly

represent to us what will be calculated as a t-test for difference between two groups-before and after application of the standards. The result for this test is given in table below.

Paired Samples Test										
		Paired Differences						t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference					
					Lower	Upper				
Pair 1	LEVit0 - LEVit1	-.3272708	.1646087	.0823043	-.5891999	-.0653416	-3.976	3	.028	

The average differences and standard deviation between the two groups were -0.3272708 and 0.1646087, respectively. The computed t-value of these differences is -3.976 with three degrees of freedom at a significance (Sig.) level equal to .028. This being less than five percent (.05) in significance means there is some statistical difference between LEV_{it} values before and after application of the standards.

A quick scan of the mean values indicates that the absolute mean of the variable before standards was higher than its

absolute mean after standards. Moreover, we can observe that the standard deviation of the variable before standards is less than its value after standards which means that the standards made it less homogeneous.

Conclusions

Through analyzing the research results, the most important conclusions were as follows:

No significant difference was found in the values of SR_{it} before and after the application of the standards.

“The Effect of Applying International Financial Reporting Standards (IFRS) on the Level of Accounting Information Asymmetry in Iraqi Private Banks”

Its absolute mean before applying the standards was lower than its absolute mean after the application. Also, its standard deviation before applying the standards was higher than the standard deviation after application, which means that it became more homogeneous in the period following IFRS adoption.

There was no significant difference in the values of $Size_{it}$ before and after the application of the standards. The absolute mean before IFRS application was higher than that after application. Also, the standard deviation prior to applying the standards was less than that after application which shows that the variable became less homogeneous following IFRS adoption.

There is no significant difference between the values of SR_{it} before and after applying the standards.

The absolute mean before applying the standards is less than the absolute mean after applying the standards. The standard deviation before applying the standards is greater than the standard deviation after applying, which means more homogeneity in a variable after implementing IFRS.

There was no significant difference in the values of CFO_{it} before and after the application of the standards.

The absolute mean before applying IFRS was lower than the absolute mean after application. The standard deviation was higher than that after applying the standards, which implies increased homogeneity in the variable following IFRS adoption.

A significant difference was found in the values of LEV_{it} before and after the application of the standards.

The absolute mean before applying the standards was higher than the absolute mean after application. Moreover, the standard deviation before applying the standards was lower than that after application, indicating that the variable became less homogeneous following the implementation of IFRS. When describing results in this way you are making an implicit assumption that there is a relationship between these two variables across firms and time, but you have not demonstrated this relationship explicitly.

REFERENCES

1. Gajewski J., Quéré B., " A Comparison of the Effects of Earnings Disclosures on Information Asymmetry: Evidence from France and the U.S", The international Journal of accounting, Vol.48,2013,pp:1-2
2. Latridis G.; Rouvolis s., " The post - Adoption Effects of the Implementation of International Financial Reporting standards in Greece " , Journal of International accounting. Auditing and taxation , Vol .19,2010,pp: 45-56
3. lin l.; kang H ;D.Morris R;Tang Q .," information asymmetry of fair value accounting during financial crisis " Journal of contemporary Accounting and Economics , Vol.9 , 2013,pp:221-236
4. Bloomfield R.; Fisher E., " Disagreement and cost of capital ", Journal of accounting research , vol.149, No.1, 2011, pp :41-86
5. Lu c.w., Chen T.k, " information uncertainty , information asymmetry and corporate bond yield spreads " , journal of Banking and Finance , vol .34,Iss.9, 2010
6. capkun v., Collins w., Jeanjean T., " Does Adoption of IAS/IFRS Deter Earnings management ? working paper , available at : <http://ssrn.com> abstract .,2012
7. Barth M., landsman R., lang M., William c.," Are IFRS-Based and US GAAP-Based accounting amounts comparable ?, working paper, Graduate school of business , Stanford university, Available at : <http://ssrn.com/abstract>,2011
8. IASB,IASCF," who we are and what we do, international accounting standard Board, IASC foundation , www.iasb.org,london,july,2009
9. wittington G.," the adoption of international accounting standards in the European union " , journal of European accounting review , April ,2011
10. IFRS foundation ,international accounting standards board (IASB), London, united kingdom, www.IFRS.org,july,2015
11. IFRS Home, " IASB work plan ", IFRS foundation and the IASB, London, united kingdom, www.ifrs.org,2016
12. Valkilifard H.,Nikoomaram H.,Rosami V.,salehi M.," information asymmetry gap analysis between users and prepares of accounting information under qualitative characteristics of financial reporting : Evidence from Iran , International, Journal of academic research , Vol.3,No.2,Part.1,2011,pp : 231-241
13. Grssen J.,sellhorn T.," Applying IFRS in Germany - determinants and consequences " , *ssrn* ,vol.8,iss.3, 2006
14. Garcia J.c, Bastida F., " An Empirical insight on Spanish listed companies perception of international Financial Reporting Standards ", Journal of International Auditing and Taxation, Vol.19,Iss.2,2010
15. Jiao T., Koning M., Mertens G.,Roosenboon P.," mandatory IFRS adoption and its impact on analysts' forecasts " , *International review of financial analysis* , Vol.21,2012, pp :56-63
16. Kumar, K. A. (2020). International financial reporting standard (IFRS): Prospects and challenges. *Journal of Accounting & marketing*, 3(2).

“The Effect of Applying International Financial Reporting Standards (IFRS) on the Level of Accounting Information Asymmetry in Iraqi Private Banks”

17. Shiferaw, N., & Assefa, D. (2020). Benefits and challenges of international financial reporting standard (IFRS) transition in Ethiopia (case study on some selected organizations in Ethiopia). *Asian Journal of Management*, 11(4), 419-428.
18. samaha K., Stapleton P., " compliance with international accounting standards in A national context : some empirical evidence from the Cairo and Alexandria stock Exchanges Afro Asian ,J. of finance, Vol.1No.1,2008
19. 2011, Vakilifard.h, etal "Information Asymmetry Gap Analysis between Users and Prepares Of Accounting information under Qualitative characteristic of financial reporting".
20. Hilal Abdel-Fattah (2015). *“The Relationship Between Earnings Management and Information Asymmetry: An Analytical Study on Joint-Stock Companies.”*
21. Ibrahim Al-Sayed (2009). *“The Role of Published Financial Reports in Reducing Information Asymmetry in the Capital Market.”*