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The Role of Disclosure of Operational Sectors on The Transparency of Financial Performance and Its Reflection on Banking Performance: An Applied Study

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Abstract : The current research aims to measure the role of disclosure of operating sectors in accordance with the financial reporting standard IFRS8 to improve the transparency of financial reporting among a sample of Iraqi commercial banks listed on the Iraq Stock Exchange, for the financial period (2019-2023), which is represented by (42) banks. The research was adopted Based on the applied approach and its impact, the research sample included a group of banks included in the Iraqi stock market, numbering (5) banks (Al-Mansour Investment, the National Bank of Iraq, the Credit Bank of Iraq, the Gulf Bank, and the Arab Levant Bank). The reason for choosing these banks is due to their distinctive features. In order to suit the research variables and their requirements in the short and long term, the study came out with a set of recommendations, the first of which was that IFRS 8 enhances the transparency of financial reporting by providing detailed information about the company's performance in each operational sector, and this shows the banks' interest in disclosing information such as revenues and expenses. And the profits, losses, assets and liabilities of each operating segment separately, which helps investors and other users better understand the company's performance.

Keywords: Disclosure, Disclosure of operational sectors, Financial Reporting Standard IFRS8, Transparency of financial reporting.

Introduction: The industry of banking has to improve operational sector disclosure in line with the IFRS8 reporting standard in order to boost stability in the economy and reporting transparency. Since Iraqi banks play a key role in the nation's economic growth and the financing of households and enterprises, achieving public disclosure of operating sections is vital to ensuring the sustainability of their operations and enhancing confidence among consumers and investors.

A more advanced system for accounting that enhances financial risk identification and management is provided under IFRS 8. IFRS 8 is one of the main regulations used by global financial companies and banks to classify inventory, quantify credit losses, as well as assess financial performance. Gain from the international acceptance of IFRS 8 as a standard, which will enable Iraqi financial institutions to improve their operation sector accountability and risk management by complying with globally recognized standards.

Two of the most essential elements of IFRS 8 are the expected credit loss estimate and the credit rating model. Banks can assess and group financial assets into many risk categories using this model, thereby rendering it easier to determine potential short-, medium-, and long-term damages. Risk tolerance and management of capital are improved by this recognition of value.

Additionally, the implementation of IFRS 8 improves the ability to compare and openness of Iraqi banks' reporting of finances. Through the use of this usual, banks can provide more accurate and thorough information on their creditworthiness and their economic performance, hence enhancing confidence and cooperation with other stakeholders, particularly investors, shareholders, and regulators.

Improved disclosure of the operational sectors of Iraqi banking based on IFRS8 may also help the country reach financial sustainability and increase productivity and public trust in the banking system. Risk tolerance, financial stability, economic growth, and supplying the funds required for the people and businesses in Iraq to operate are all benefits of this upward trajectory.

PART ONE: RESEARCH METHODOLOGY AND PREVIOUS STUDIES

First: the research problem

Currently, commercial banks play a key role in boosting business and diversifying the economy in light of economic developments. Banks also play a key role in promoting economic and social growth in developing and global countries. Since commercial banks in Iraq operate in less complex environments compared to international banks, the International Accounting Standards Board has worked to issue a standard that meets the needs and requirements of these banks, and this requires the implementation of incentive programs for private investment in Iraq, including follow-up to accounting requirements. Efforts to harmonize these requirements with international accounting standards in order to increase the competitiveness of the Iraqi economy at the internal and external levels. **Accordingly, the research problem can be formulated in an important question (**What are the appropriate mechanisms through which the disclosure of the operational sectors of Iraqi banks can be improved based on the financial reporting standard IFRS8).

To answer this question, it is necessary to identify accurate answers to the following sub-questions:

1. Is it possible to measure the correlation between the disclosure of operating sectors in accordance with the financial reporting standard IFRS8 and the transparency of financial reporting?
2. Does implementing the disclosure of operating sectors following the financial reporting standard IFRS8 improve the transparency of financial reporting?.
3. Is it possible to disclose the operational sectors following the Financial Reporting Standard IFRS8 to improve the transparency of financial reporting at the surveyed commercial banks?
4. Does the adoption of Iraqi commercial banks to disclose operational sectors affect the transparency of financial reporting?

Second: The importance of research

The study of improving the disclosure of operational sectors in Iraqi banks based on the financial reporting standard IFRS8 has great importance and a positive impact on the Iraqi banking sector, and the importance of the research can be summarized through the scientific and practical importance as follows:

a. Scientific Importance

The study of improving the disclosure of operational sectors in Iraqi banks based on the IFRS8 standard contributes to improving banking performance, enhancing confidence and transparency, developing the banking system and improving financial risk management. This benefits the Iraqi economy in general by enhancing financial stability and stimulating economic growth. The research also achieved alignment with the International Financial Reporting Standard, which contributes to enhancing Iraqi banking integration into global markets and improving investment opportunities External and the flow of capital to the Iraqi banking sector. The study of this topic also contributes to improving capital adequacy and the adoption of the IFRS8 standard enhances confidence in the Iraqi banking system and reflects a high level of transparency and financial responsibility.

b. Practical importance

Practical importance can be achieved through the following points:

1. IFRS8 application encourages Iraqi banks to improve their financial risk management comprehensively. This requires a deeper analysis of financial risks and better identification of financial reserves, which leads to reducing potential risks and enhancing banks' financial sustainability.
2. The research contributes to the development and modernization of the Iraqi banking system in accordance with the internationally recognized international standard. Improving operational sector disclosure enhances banks' ability to achieve financial stability and provide banking services effectively.
3. The application of IFRS8 contributes to the establishment of a unified approach to financial reporting in the Iraqi banking sector. This facilitates the process of comparing banks and evaluating their performance and capital suitability more accurately and transparently.

Third: Research Objectives

The main objective of the study is to improve the disclosure of the operational sectors of Iraqi banks based on the financial reporting standard IFRS8 to improve the transparency ofautomated reporting. The current financial statements will be analyzed and models and systems will be developed to estimate the impact of this standard on the requirements of accounting reporting transparency, and there are several other sub-objectives:

1- Identifying the capabilities of the commercial banks surveyed in disclosing the operational sectors in accordance with the financial reporting standard IFRS8 to improve the transparency of financial reporting.

2- Measuring the application of disclosure of operational sectors in accordance with the Financial Reporting Standard IFRS8 to improve the transparency of financial reporting.

3- Determining the extent to which Iraqi commercial banks adopt the disclosure of operational sectors affects the transparency of financial reporting.

Fourth: Research hypotheses

Based on the research problem, the following main hypotheses can be formulated:

H1: the possibility of measuring the correlation between the disclosure of operational sectors according to the Financial Reporting Standard IFRS8 and the transparency of financial reporting.

H2: The application of disclosure of operational sectors in accordance with IFRS8 is reflected **in improving the transparency of financial reporting.**

Fifth: Default Scheme of Research

The construction of the hypothetical plan of the research starts after careful examination and identification of the research problem and the identification of the basic objectives through which it is possible to stand on the best methods through which mechanisms can be built to address this problem, and then determine the importance of these mechanisms for the banks of the research sample, and in light of this it requires building a hypothetical model that explains the variables of the research and the foundations on which they stand, Figure (1) illustrates the hypothetical scheme of the research, which is represented by two variables:

Independent variable: Disclosure of operating sectors in accordance with IFRS8

Dependent variable: transparency of reporting

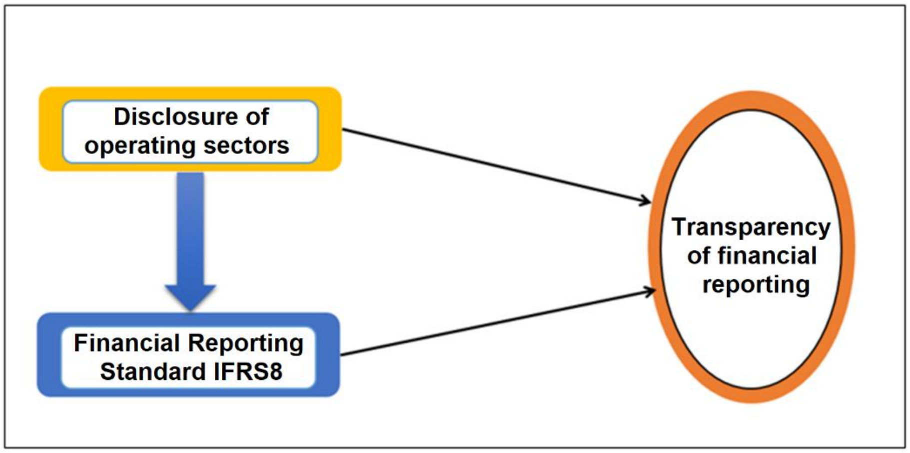

Figure 1 Default search schema

Source: Prepared by the researcher

Sixth: Research Community and Sample

The research community included Iraqi commercial banks listed in the Iraq Stock Exchange, represented in (42) banks, while the research sample included a group of banks entering the Iraq Stock Exchange and the number (5) banks, and the reason for choosing these banks is due to their suitability for research variables and requirements in the short and long term.

PART TWO: THE THEORETICAL FRAMEWORK OF THE RESEARCH

First: Disclosure of Operational Sectors

1. The concept of disclosure of operational sectors

Disclosure can be defined as the process of transferring information from its source to beneficiaries or users who need this information. Disclosure aims to transfer knowledge from people who have the information to people who do not have it. Simply put, disclosure is the process of showing financial information, whether quantitative or descriptive, in the financial statements or in the notes and tables attached to them promptly. This helps make financial statements transparent and suitable for external users who have access to company records and records (Abdullatif,2014:11).

With the expansion of the size of business organizations and the complexity of the scope of their operations, the large diversity of aspects of their activities, the multiplicity of administrative levels, and the shift of the organization's senior management from the actual areas of implementation, and its work is limited to formulating policies, supervising their implementation, following them up and planning for the future within the framework of the general plan of the state. It has become impractical for management to rely on personal observation or continuous observation of various processes in its control tasks but rather required the use of another more effective method of control. The method of internal reporting for control purposes (Chikweche& Bressan,2021:95).

A remarkable feature of modern business is the growth of diversified economic units that engage in activities in two or more lines of business. This widespread movement towards diversification has led to the need for information about the various sectors of the economic unit in addition to consolidated financial statements about its overall performance. This need arises because the expansion of the economic unit's activities into different industries or geographic regions complicates the analysis of conditions, trends, ratios and hence the ability to forecast. Different industry sectors or geographic areas of an economic unit's operations may have different rates of profitability, degrees and types of risks, and growth opportunities. There may be differences in rates of return on investment commitments across industry sectors or geographic regions and in future capital requirements. Investors cannot successfully evaluate a diversified economic unit without information about its various sectors. Consolidated or aggregate financial statements usually collect the accounts of all sectors and information about each part may be unclear (Jawahar et al., 2017:390), and the classification of consolidated financial statements must follow into operating segments The way management divides the economic unit to make operating decisions IFRS 8 requires that operating segments be identified based on internal reporting relating to the components of the economic unit. These reports are reviewed regularly by the chief operating decision maker (e.g. CEO, COO or group of executives) to guide resource directions and evaluate segment performance. A detailed performance assessment of the segment's revenues, expenses and assets leads to the identification of operating segments. Although segmentation is usually organized by assets or product lines, management may also organize it by geographic region, customer type, legal entity, or other basis (Aerts & Walton:2013:348).

According to the OECD definition, the sector is a distinct component of a diversified entity, engaged in activities that are more closely related to each other than those of the rest of the entity. It can be determined in particular on the basis of the products or services it provides, the geographical markets it serves, or has assets and liabilities that are separable from the assets and liabilities of other parts (sectors) of the company, and that achieve profit or loss that can be separated from the profit or loss of the company as a whole (Obradović& Karapavlović,2016:156).

Segmental disclosure is defined as the breakdown of overall financial information into amounts based on different geographical regions or on the basis of different industries (Rizk et al., 2020: 133). (Abdel Aziz, 2015: 433) believes that the operating sector in Financial Reporting Standard No. (8) is defined as an element of the company as the sectors participating in commercial activities that generated revenues and incurred expenses, including revenues and expenses related to transactions with other groups of the same entity). The results of these operating segments are regularly reviewed by the entity's chief operating decision-maker to make decisions regarding directing resources and evaluating segment performance. Separate financial information is provided for these segments. The chief operating decision-maker is usually at the highest level of management in the facility, such as the CEO, chief operating officer, or a group of executives. In the UK, the board of directors may be the key operating decision-maker (Ali, 2018: 12).

The researcher defines disclosure of operating sectors as an accounting requirement that requires companies to disclose financial and operational information about the main sectors of their business. This is in accordance with international accounting standards or local standards in the country in which the company operates.

2. The importance of disclosure of operational sectors

Internationally, the International Accounting Standards Committee (IASC) issued in 1981 the International Accounting Standard No. 14 IAS14, which is related to the disclosure of sectoral information, and this standard included among its requirements that four main items be disclosed for each of the industrial sectors and geographical sectors, and the existence of general guidance to determine the industrial sectors and geographical sectors, and this standard also allowed differences in the definition of the result of the sector between companies, but this standard has He has been criticized, including the company's merger of sectors to conceal the performance of certain lines or industrial sectors as not being so, based on the broad definitions included in the standard (Farías & Rodríguez, 2015:118).

This standard has adopted a new approach to returns and risks to determine the sectors whose data are reported in the financial reports, as the standard requires that reports be submitted on business sectors and geographical sectors, provided that one of these sectors is identified as primary sectors while the other is secondary sectors and the returns and risks to which the company's operations are the base for determining which sectors are primary sectors and which are secondary sectors (Lucchese & Di Carlo, 2016:97).

The importance of disclosure of sectoral information is due to the importance of disclosure in general, but in the recent period more attention has been paid to sectoral information, and therefore this information affects stock prices in the market and helps decision-making and better evaluation of the company's performance (Al-Shuhail and Ibrahim, 2024: 37).

The researcher believes that the importance of disclosing operating sectors can be summarized as follows:

- Enhancing transparency and accountability: Disclosure helps increase transparency and accountability in the company’s performance, as it allows users to understand the performance and profitability of the company’s various sectors.
- Risk and Opportunity Assessment: Provides detailed information about the company’s various sectors, which helps investors and analysts evaluate the risks and opportunities related to each sector.
- Trend and performance analysis: It allows the analysis of performance and profitability trends for each sector separately, which helps in understanding the performance of the company as a whole over time.
- Making investment decisions: Sectoral information provides a better basis for making informed investment decisions by current and prospective investors.

- Administrative performance evaluation: It helps managers and senior management in evaluating the performance of various business units and developing appropriate strategies.
- Planning and control: Sectoral information helps in planning, internal control, and improving the decision-making process within the company.

3. The nature of the sectoral information to be disclosed

In accordance with the requirements of the accounting standard in the operational sectors, the organization must disclose the following (Momen,2023:89) (Al-Hoshi,2020:11-12):

a. The organization is required to provide information on how to define its own operational sectors, and the basis on which management has put together these sectors. The organization must also provide a brief description of the combined operational sectors, and disclose the types of products and services from which each sector derives its revenues.

b. The Organization is required to disclose in each period the comprehensive income statement, the reconciliation of the sector's revenue totals, profit or loss reports for each sector, the assets and liabilities of the sector, and other items of relative importance with the corresponding amounts in the organization. The Organization must also disclose income from external clients and revenues from transactions with other operational sectors of the Organization, and interest and amortization income and expenses for each sector reported (Rufino, 2022:1007).

c. Information on measurement bases, where the amount reported for each Sector line should be the measurement reported to the key operational decision maker for the purposes of making decisions about the allocation of resources to the Sector and evaluating its performance.

d The organization must disclose - at a minimum - the following (Jepson et al.,2020:57):

- The accounting basis for any transactions between the reported sectors.
- The nature of the differences between the profit or loss measures for the reported sectors and the profits and losses of the organization as a whole before income taxes and interrupted operations.
- The nature of the differences between reported sector metrics of assets and liabilities and their corresponding metrics at the regulatory level.
- The nature of any differences in the measurement methods used to determine the profit or loss of the sector reported for previous periods and the impact of such changes, if any, on the measurement of profit or loss for that sector.
- The nature and impact of any asymmetric distributions of the sectors being reported.

e. Reconciliation, where the organization must provide matches for each of the following (Delacrétaz et al.,2023:2690):

- Total revenues of the sectors being reported.
- Total measurement of profits or losses of sectors reported before income taxes and non-continuing operations.
- Total assets and liabilities of the reporting sectors, with corresponding amounts at the level of the organization as a whole.

Second: Transparency of Financial Reporting

1. The concept of financial reporting standards

After World War II, the global economy witnessed radical transformations in international economic relations. This began with the application of the General Agreement on Trade and Tariffs (GATT) in 1947, and moved to the application of World Trade Organization provisions in 1995 to liberalize foreign trade from customs and administrative restrictions on all covered and non-covered goods. This allowed multinational companies to expand their investments horizontally and vertically in the economies of developing countries that were oriented towards the global economy and relied on foreign direct investment. As a result, branches of multinational companies have expanded into different countries, which suffer from accounting systems that are not compatible with the interests of these companies nor with financial globalization. Therefore, international accounting organizations worked to remove obstacles that hinder the true disclosure of financial statements due to different units of measurement. The International Accounting Standards Committee was established by the United Nations in 1973, and was tasked with issuing international accounting standards. These standards gained international acceptance and the International Accounting Standards Committee was formed, which represents chartered accountants from ten countries, including Australia, Britain, Canada, Germany, France, Japan, the United States, Mexico, the Netherlands and Ireland. About 50 other countries have joined this community.

As the Board of Governors gradually begins issuing International Financial Reporting Standards (IFRS) and replacing International Accounting Standards (IAS) with new names, the old name of IAS will gradually disappear from the accounting literature. International Financial Reporting Standards (IFRS) are about to be replaced by new versions and possible revisions of international accounting standards. The change from IAS to IFRS reflects the IASB's desire to expand the scope of its activities to include public financial information (Benrahmoun, 2019: 71-72).

IAS 14 is being replaced by the new IASB standard on segment reporting, and this standard is consistent with FAS 131. The main differences between them arise from the approach used as a basis for determining the segment reporting structure and the elements to be disclosed. The revised IAS 14 is based on the so-called "risk and return approach" (Al-Anazi, 2021: 34). The primary and secondary form of segmentation should be determined according to the analysis of the dominant source and the nature of corporate risks and returns. IAS 14 and FAS 131 stipulate that an economic unit should disclose information that enables users of financial statements to assess the nature and financial impacts of its business activities and the economic environments in which it operates. IFRS 8 sets out principles for disclosing information according to the different business sectors and economic environments in which the economic unit operates. This helps users make more informed decisions by providing a comprehensive description of sector performance, risks and returns. IFRS 8 requires operating segments to be identified based on internal reports that senior management uses to allocate resources and evaluate segment performance. This standard applies to the standalone financial statements of individual entities and the consolidated financial statements of the group including the parent company. Disclosure must be made on a voluntary basis in accordance with the requirements of this standard, and the parent company must provide only segmental information (Scott et al:2011:391).

The researcher believes that the concept of financial reporting standards represents a set of accounting principles and guidelines that regulate the preparation and presentation of financial statements for companies and establishments.

2. Scope of financial reporting standards in operating segments No. 8

The Financial Reporting Standard applies**number 8** On the following points (Abu Nassar and Hamidat, 2016: 735); (Saudi Organization for Certified Public Accountants, 2017: 278):

a. This standard applies to economic units that provide separate or individual financial statements and data, or consolidated financial statements and data for groups of economic units, and meets the following conditions:

- whose debt or financial instruments (represented in stocks and bonds) are traded in local, regional or global public markets) and disclosure of all information that would help users understand the nature of the activities carried out by the unit.
- Depositing or in the process of filing consolidated financial statements with the Securities Commission or another entity.

B. If an economic unit that is not required to apply this standard discloses sector-related information, this information is not considered sector information.

C. If the financial statements include both the consolidated financial statements and the separate financial statements of the parent company to which this standard applies, the segment information required is the consolidated financial statements only.

3. **Financial Reporting Standards Disclosures No. 8**

The Financial Reporting Standard (IFRS 8) includes a set of disclosures indicated by the following points (Deloitte, 2018:43-44) (KPMG, 2016:6):

a. IFRS 8 requires disclosure of profits and losses for the operating segments to be disclosed.

B. Disclosure of the level of the economic unit, even when the economic unit has only one sector to be disclosed.

T. IFRS 8 requires the types of products and services from which each operating segment derives its revenues.

Th. Disclosure of the reconciliations of the total revenues of the sector, the profits and losses of the sector that are disclosed, the assets and liabilities of the sector, as well as other material elements and similar elements in the consolidated financial statements and statements.

C. Provides disclosures related to transactions with major clients.

H. This standard requires consistent disclosure of current period information and segment comparison information. This means that if a segment is identified as a reportable segment in the current period but was not in the previous period, similar comparative information should be provided unless the cost of obtaining it is Although this information is high, the economic unit can disclose the sectors that do not meet any of the quantitative limits or that do not achieve revenues if these sectors are of great importance to the economic unit.

Kh. Disclosing all information that is useful in assessing risks and forecasting the potential of the economic unit and the extent of its growth.

4. The concept of transparent financial reporting

Transparency is essential to reduce misinformation and ensure management accountability. The Cadbury Report (1992) explains that the basis of the governance structure is transparency in disclosure. This dimension emphasizes how the company communicates information to stakeholders effectively, as the term transparency is a literal translation that was transferred from the language Transparency, in its meaning borrowed from the science of physics, means a transparent, clear, glassy substance through which the other party can be seen. The term transparency in human culture represents the meaning of openness, communication, and accountability. The concept of transparency is also one of the most valuable topics in the past two decades, as it must be understood. It is comprehensive for information users and must give a true and fair view (Wibisono et al., 2023:190).

Transparency is crucial to reducing misinformation and ensuring management accountability. The Cadbury Report (1992) explains that the basis of the governance structure is the transparency of disclosure, which is the dimension that confirms how effective the company is in communicating information to stakeholders (Fernando et al., 2019:5), and Fung (2014:74) believes that transparency is the word Literally translated from English (Transparency), its meaning is taken from physics and means a clear, transparent, glass-like material through which we can see each other. The word transparency represents openness, communication and accountability in human culture. Hollanders (2013:10) emphasizes that the concept of transparency is one of the most important topics in the past two decades, as it must be understandable and comprehensive for information users and must give a real and unbiased perspective.

Ensuring the transparency of financial statements despite full disclosure is by providing an honest representation of information that is useful and necessary for economic decision-making to a wide range of beneficiaries, in the context of public disclosure. Financial statements should be easy to interpret, while providing more information about the economic unit. It is better than having limited information, so the cost of providing this information and the expected benefits of providing more transparency should be known, as adopting internationally accepted accounting standards is necessary to facilitate access to transparency and correct interpretation of financial statements (Al-Karawi, 2019: 91).

Transparency of financial reporting means that information is comprehensively available to all users, reliable, quality and timely (Kaawaase et al., 2021:349). (Barth & Schipper, 2008:173) also defined the transparency of financial reports as the extent to which financial reports are able to disclose the entity's basic information to the users of these reports in an easy-to-understand manner, and (Suharsono et al., 2020:1186) indicated that the transparency of financial reports is defined as the extent to which Financial reports provide more relevant, comparable, understandable and communicated information.

(Landau et al., 2020:1751) sees the transparency of financial reports as the widespread and public provision of relevant and reliable information about performance, financial position, investment opportunities, governance, value, and risks. He also defined it (Paydar & Babalou, 2019:20) as disseminating important and effective information simply and easily with purposeful analysis of the company's activities and economy. Lewellen (2021:1812) stated that the transparency of financial reports is a measure of disclosure and profits that reflect changes in the company's economic situation.

The researcher believes that the concept of financial reporting transparency refers to the degree of clarity and disclosure in the financial information provided by companies in their financial statements.

5. The importance of transparent financial reporting

a. Transparency of financial reporting plays an important role in the labour market as it works to:

b. Improving the ease of selecting appropriate stakeholders for the organization (Naima and Fawzia, 2021: 41).

c. Reducing the negative effects resulting from the problem of information asymmetry between management and investors.

d. Th. Contributing to restoring lost confidence in financial markets.

e. The transparency of financial reports plays a vital role in terms of the ability to attract funds by comparing the level of transparency of the company's financial reports with the reports of other companies (Caputo et al., 2021:3471).

f. It requires providing appropriate, transparent and reliable disclosure of the full results of activities and operations, in order to provide a true and fair view of performance and financial position.

g. Reducing the cost of capital and increasing the market value of the company, as well as reducing the risks of litigation and improving the level of liquidity (Hanafi et al., 2023:13).

h. Improving investors' confidence and their desire to invest in the company (Ali and Jaber, 2021: 29).

i. Allowing business organizations to determine sufficient, complete and transparent information about the financial statements (Abdel Rahman and Abdel Nour, 2023: 49).

Third: The theoretical relationship between disclosure of operating sectors according to the Financial Reporting Standard (IFRS 8) to improve the transparency of financial reporting

That transparency has taken on a life of its own. Over the past hundreds of years, it has moved from intellectual idealism to centre stage in the drama that is performed around the world in many forms and functions. The old and negative view of transparency has given way to a new vision of transparency; It has shifted from mere intellectual curiosity to real-life, real-time demands that generate a range of emotional responses (Borgia, 2005:20).

Disclosure of operating segments in accordance with IFRS 8 plays an important role in improving the transparency of financial reporting. By providing detailed and accurate information about operating segments, companies can build trust and credibility and enhance investors' and users' understanding of financial reports. The relationship between disclosure of operating sectors in accordance with the International Financial Reporting Standard IFRS 8 and the transparency of financial reporting is an important issue in the field of accounting and financial reporting. IFRS 8 "Reporting Financial Information for Operating Segments" is an international financial reporting standard that specifies how financial information about operating segments is presented in annual financial reports (Lenormand & Touchais, 2021:383).

PART THREE: THE PRACTICAL ASPECT: PROCEDURES FOR APPLYING INTERNATIONAL REPORTING STANDARDS (IFRS8) FOR BANKS)

First: Conditions for identifying sectors for the banks in the study sample

One of the characteristics of the operating sector is the provision of discrete financial information. This information generally includes some profitability measures for the banks under study that can be easily distinguished from those of other banks. Revenues and total profits can be counted, presented to the main decision maker and used to evaluate performance and make resource allocation decisions. Separate financial information. In the event that banks only provide revenues to the main decision maker, it is not considered an operating sector because this information is not sufficient to make decisions about allocating resources to the sector and evaluating its performance. In addition, the special facts and circumstances must be carefully taken into account when determining the operating sectors. Each of the banks under study has It contains separate financial information through the above-mentioned statements for each bank that has achieved revenue and total profits. This information is sufficient for the main decision maker in the banks to make decisions about allocating resources and evaluating performance. The application of financial data and information obtained from the research sample banks and from the information published in the Iraq Stock Exchange and used in the terms of the International Financial Reporting Standard (IFRS8) in determining operating sectors. The banks under study met the three conditions and several of these banks are operating sectors, and Table (1) shows this.

Table (1): Conditions for identifying sectors for the banks in the study sample

Conditions for Determining Sectors	**National Bank of Iraq**	**Credit bank**	**Gulf Bank**	**Mashreq Arab Bank**	**Al-Mansour Bank**
The bank carries out business activities from which it may generate revenues and incur expenses.	√	√	√	√	√
The bank regularly reviews its operating results by the chief operating decision maker.	√	√	√	√	√
The bank provides separate financial information about it.	√	√	√	√	√

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

Second: Determine the availability of one of the quantitative conditions (tests) required in order to determine the banks that must be reported

The first test is applied to the banks that must be reported in the financial reports if the percentage of the bank's total revenues reaches (10%) or more of the total revenues of the banking sector in the study sample, which is calculated according to the following formula:

A- Revenue test

The first test is applied to the banks that must be reported in the financial reports, if the percentage of the bank's total revenues reaches (10%) or more of the total revenues of the banking sector in the study sample, which is calculated according to the following formula:

Amount of total banks' revenues percentage = total banks' revenues x 10%

Amount of total bank revenue ratio = 8732862574 x 10% = 873286257.4 dinars

Table (2) Bank revenues for the study sample

bank	**Revenue to the bank**	**The availability of conditions**	**Reported**
National Bank	578070527	578070527 < 873286257.4	both

Credit bank	61804669	61804669< 873286257.4	both
Gulf Bank	1156141054	1156141054> 73286257.4	Yes
Mashreq Arab Bank	2312282108	2312282108> 73286257.4	Yes
Al-Mansour Bank	4624564216	4624564216> 73286257.4	Yes

Source: Prepared by the researcher

The results of Table (2) indicate that Gulf Bank's revenues were greater than (10%) of total revenues, as the volume of revenues amounted to (**1156141054**) dinar, it is larger than (**873286257.4**) Dinar.

Therefore, this bank can be reported and the information related to it can be disclosed. The Arab Levant Bank also has revenues greater than the percentage of total revenues, in addition to Al-Mansour Bank, its revenues are greater than the percentage of the total revenues of the banking sector, and its information can be reported and disclosed. As for the National Bank, its revenues are smaller than the percentage. 10% of the total revenues collected in all banks, as the revenues of the National Bank were (**578070527**) Dinar, which is smaller than (**873286257**.4) One dinar is the amount of the percentage of revenues collected from the banks of the entire company and it did not meet the revenue condition and cannot be reported. Likewise, the credit bank's revenues were smaller than 10% of the total revenues collected in the banks and it did not meet the revenue condition and cannot be reported. So, from the revenue test, the banks that must be reported separately in the banks' financial reports are (**Gulf Bank, Arab Levant Bank, and Al-Mansour Bank**).

B- Profit and loss test

Regarding the profit and loss test, the banks that must be reported must reach the percentage of profits or losses achieved from it (10%) or more of the combined profits or losses of all banks.

Amount of banks' total profits ratio = total banks' profits x 10%

The amount of the banks' total profits ratio = 76425156182 x 10% = 7642515618 dinars

Table (3) Bank profits for the study sample

bank	Profits for the bank	The availability of conditions	Reported
National Bank	88228598187	88228598187 >7642515618	Yes
Credit bank	20319339	20319339< 7642515618	both
Gulf Bank	-12127435396	12127435396> 642515618	Yes
Mashreq Arab Bank	16476632	16476632< 7642515618	both
Al-Mansour Bank	287197420	287197420< 87642515618	both

Source: Prepared by the researcher

The results of Table (3) indicate that the profits of the National Bank were greater than (10%) of the total profits, as the size of the profits amounted to (**88228598187**)dinar, which is larger than (**7642515618**) Dinar. Therefore, this bank can be reported and the information related to reported, as well as the Gulf Bank, whose losses are greater than the percentage of the total profits of the banking sector, and the information related to reported and disclosed. As for (Credit Bank, Levant Arab Bank, and Al-Mansour Bank), its profits are smaller than the percentage of 10. % of the total profits collected in banks and the profit and loss requirement is not met and cannot be reported. So, from the profit and loss test, the banks that must be reported separately in the banks' financial reports are (National Bank, and Gulf Bank).

T- Asset testing

According to the assets test, the banks that must report and disclose sectoral information in the reports must have assets greater than 10% of the total assets collected by the banks.

Amount of banks' total assets ratio = total banks' assets x 10%

Amount of banks' total assets ratio = 205927761484 x 10% = 20592776148.40 dinars

Table (4) Bank assets of the study sample

The bank	Assets for consumption	The availability of conditions	Reported
National Bank	578070527	578070527 <20592776148.40	both
Credit bank	61804669	61804669< 20592776148.40	both
Gulf Bank	61864180256	61864180256< 20592776148.40	both

Mashreq Arab Bank	45890275	45890275< 20592776148.40	both
Al-Mansour Bank	143377815757	143377815757> 20592776148.40	Yes

Source: Prepared by the researcher

The results of Table (4) indicate that the assets of Al-Mansour Bank were greater than (10%) of the total profits, as the size of the assets reached (**143377815757**)dinar, it is greater than (**20592776148.40**) Dinar. Therefore, this bank can be reported and information related to it disclosed. As for (National Bank, Credit Bank, Gulf Bank, and Levant Arab Bank), their profits are smaller than 10% of the total assets accumulated in the banks and it does not meet the profit and loss requirement and it is not possible to report. about him. So, from the assets test, the banks that must be reported separately in the banks' financial reports are (Al-Mansour Bank). Table (5) summarizes the three quantitative tests (revenues, profits and losses, assets)

Table (5): The three quantitative tests (revenues, profits and losses, assets)

Reportable banking conditions	Al-Ahly	Credit	Gulf	The Arab Levant	Al-Mansour
Its declared external and internal revenues amount to 10% or more of the combined internal and external revenues of all banks.			√	√	√
If the operating sector's result, whether profit or loss, amounts to 10% or more of the combined result of all banks in profit or the combined result of all banks in loss, whichever is greater in its absolute amount.	√		√		
The sector's assets are 10% or more of the combined assets of all banks					√

Source: Prepared by the researcher

According to the conditions (the three quantitative tests that were conducted on the banks in the study sample, the bank that meets one of the conditions is considered one of the banks that must be reported in the financial reports in accordance with Paragraph No. (13) of the International Financial Reporting Standard IFRS8, and the banks in the research sample met one of the aforementioned conditions: (National Bank, Gulf Bank, Levant Arab Bank, Mansour Bank) These banks must be reported separately in the financial reports.

After identifying the banks through the conditions of the three quantitative tests, according to which they must be reported separately in the financial reports, the total revenues of these banks must amount to 75% of the total revenues of the banks, and the percentage is calculated as follows: -

Percentage amount of total banks' revenues = total banks' revenues x 75%

Percentage amount of total banks revenues = 8671057905 x 75% = 6503293429 dinars

Table (6): Total bank revenues for the study sample

bank	Revenues to the bank
National Bank	578070527
Gulf Bank	1156141054
Mashreq Arab Bank	2312282108
Al-Mansour Bank	4624564216
the total	8671057905

Source: Prepared by the researcher

The results of Table (6) indicate, through this condition, that the total revenues of the banks (National Bank, Gulf Bank, Levant Arab Bank, Al-Mansour Bank) that must be reported is (8671057905(Greater than 75% of the banks' total revenues)6503293429These four banks have now all met the requirements of the 8IFRS standard and can be reported separately in the banks' financial reports.

It is noted that the study sample (National Bank, Gulf Bank, Levant Bank, Al-Mansour Bank) met the main conditions of the International Financial Reporting Standard (8IFRS),

The criteria or conditions of Standard (8IFRS) for determining the banks that can be reported have been met, considering that these banks carry out the main business activities that generate revenues and bear expenses, and the essential information for each bank is reported through internal reports that are presented to the main decision maker in the matter. The banks are the research sample through which resources are allocated and performance is evaluated for each operational sector in the bank. This same information is reported to external users. This is called the management approach. This is one of the most important features of this standard, which looks at the bank from a management perspective. We conclude from this that (the bank Al-Ahli Bank, Gulf Bank, Levant Bank, and Al-Mansour Bank are eligible to apply the International Financial Reporting Standard (8IFRS) after meeting all the conditions for the standard. All large Iraqi banks present in the Iraq Stock Exchange that meet the conditions can apply this standard.

Third: Transparency of financial reporting for the banks in the study sample

From Table (7) it is clear:

1-The transparency rate in Al-Mansour Investment Bank for the year (2019) reached (35%), which is a very low percentage and does not meet the ambition. The analysis of the percentage is through a transparency percentage for each of the three items, as it represents the sum of the percentages of the indicators disclosed from the three items, as The transparency rate for the ownership structure and investor rights item was (22%), which is a very weak percentage that indicates that most of the information related to this item was not disclosed within the transparency scale (S&P). As for the financial and non-financial information item, the transparency rate was (38%), which is Also, a weak percentage indicating that reporting on financial and non-financial information was not within the required level, in which the percentage of indicators disclosed is greater than (50%) of the total indicators of the item in order for it to be transparent. As for the percentage of transparency for the information item about the Board of Directors, it reached (41%). It is an acceptable percentage because the percentage of indicators disclosed is more than (50%) of the total indicators of the item, and by summing these levels, we have a transparency rate for Al-Mansour Bank that does not amount to the bank being transparent in the information it provides to investors and beneficiaries during the year (2019).

2- The transparency rate in Al-Mansour Investment Bank for the year (2023) reached (73%), which is a very good percentage and meets the ambition, and the analysis of the percentage is through a transparency percentage for each of the three items, as it represents the sum of the percentages of indicators disclosed from the three items, as it reached The transparency rate for the ownership structure and investor rights item is (83%), which is a very good percentage, indicating that most of the information related to this item has been disclosed within the Transparency Scale (S&P). As for the financial and non-financial information items, the transparency rate was (69%), which is also a percentage. Good indicates that reporting on financial and non-financial information is within the required level in which the percentage of disclosed indicators is greater than (50%) of the total indicators of the item in order for it to be transparent. As for the transparency percentage for the information item about the Board of Directors, it reached (73%) and is considered an acceptable percentage. Because the percentage of indicators disclosed is more than (50%) of the total indicators of the item, and by summing these levels, we have a transparency rate for Al-Mansour Bank that amounts to the bank being transparent in the information it provides to investors and beneficiaries during the year (2023).

Table (7) Al-Mansour Bank's standard transparency ratio for the year 2019-2023

items	Indicators	Disclosed	Undisclosed	The level of transparency in the item	Transparency ratio
2019					
Transparency in ownership structure	18	4	14	22%	5%
Transparency of disclosure of financial and non-financial information	39	15	27	38%	19%
Transparency of disclosure from the Board of Directors	22	9	13	41%	11%
the total	79	28	54	35%	35%
2023					
Transparency in ownership structure	18	15	3	83%	19%
Transparency of disclosure of financial and non-financial information	39	27	12	69%	34%

Transparency of disclosure from the Board of Directors	22	16	6	73%	20%
the total	79	58	21	73%	73%

Based on the above, it can be said that all the hypotheses of the current research have been accepted through the existence of a correlation and influence between the disclosure of operating sectors in accordance with the Financial Reporting Standard (IFRS 8) and the transparency of financial reporting.

PART FOUR: CONCLUSIONS AND RECOMMENDATIONS

First: Conclusions

1. The results showed that investors and analysts can benefit from the financial disclosure information provided by IFRS 8 to improve the financial analysis process. Using this information, investors can better evaluate the company's performance and make appropriate investment decisions. Analysts can also use this information to compare a company's performance with its competitors in the same industry.
2. The findings suggested that by utilizing the accounting information given by IFRS 8, analysts and investors can enhance the financial analysis procedure. Investors can assess the organization's success with greater certainty and make wise judgments by using this information. This data may also be employed by analysts to assess a company's achievements in relation to its rivals in the identical industry.
3. The World Bank's International Fiscal Reporting Code encourages organizations to identify and describe operational divisions in a uniform and reasonable manner, which improves transparency as well as responsibility in their financial reporting and provides significance for the sample being analyzed. This raises the level of accuracy of the monetary information offered and encourages trust in the business's financial statements.
4. Improving tactical decision-making abilities is important for the purpose of the research population. Businesses can enhance their ability to make strategic decisions by using IFRS 8 to provide comprehensive information about operating segments. With the use of that information, companies can decide on the most important operational segments to concentrate on and distribute resources and investments in a way that maximizes outcomes and advances their strategic objectives.
5. The outcomes showed how crucial IFRS 8 is as an instrument for enhancing financial information accessibility and comprehending how well banks perform. With its extensive and thorough data on operational segments, it helps customers and investors generate well-informed choices regarding finances and improves their assessment of the organization's performance.

Second: Recommendations

1. The banks involved in the study have to make sure that transparency and financial reporting regulations are followed, and they have to implement best practices in this area.
2. The banks that participated in the survey must make sure that information is delivered on a regular basis, promptly, reliably, and systematically. To do this, more data that clarifies the industrial and economic aspects influencing the operational sectors must be provided.
3. The examined banks should concentrate on offering comprehensive quantitative and qualitative data on each operational sector's revenues, costs, profits and losses, assets, and liabilities.
4. Accurately and logically identifying the bank's primary operational sectors in accordance with business needs and organizational structure is vital for the banks under study.
5. Creating integrated disclosure policies and procedures that guarantee the release of thorough and trustworthy financial information about the operating sectors must be a priority for the banks under study.

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