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The impact of AI on IFRS 7 through internal corporate governance mechanism

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Abstract: The current research examines how artificial intelligence (AI) impacts the roll-out of IFRS 7 by processing internal corporate governance mechanisms. Leveraging data from plenty companies during a range of industries, the study investigates how AI components such as Automation of Risk Assessment, Data Analytics and Predictive Modeling, Real-Time Monitoring and Reporting, and Enhanced Decision-Making and Compliance impact the effectiveness of IFRS 7. The research community consists of firms from plenty industries that adopt International Financial Reporting Standard 7 (IFRS 7) and include artificial intelligence (AI) into their internal corporate governance mechanisms. The sample involves companies from the technology, industry, and service business sectors with distinct degrees of AI adoption and governance practices. A survey was completed by 242 individuals (n = 242), including key decision-makers such as CEOs, CFOs, and audit committee members. Delegates have been picked based on their duties in firms that embrace AI-driven corporate governance solutions and IFRS 7 compliance. The feedback of those polled was compiled through a methodical questionnaire regarding the impact of AI components on internal governance mechanisms and IFRS 7 practices. The outcomes show that the Automating of Risk Assessment (Mean = 4.3, SD = 0.5) and Enhanced Decision-Making and Compliance (Mean = 4.4, SD = 0.4) are the two AI factors that are regarded to have a major impact on the usage and application of IFRS 7. Nevertheless, it seems that Real-Time Monitoring and Reporting has less of an impact (Mean = 3.0, SD = 0.6). By diving more profound into disparities in various firm types, spanning technology, industry, and service businesses, the research uncovers sector-specific differences in the integration of AI with corporate governance procedures. Due to these findings, tech companies are setting the norm for implementation, and AI is becoming more and more significant in improving corporate governance, particularly in risk management and decision-making. The study adds to our understanding of how AI-driven processes could enhance the effectiveness and transparency of financial reporting standards, particularly IFRS 7.

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تأثير الذكاء الاصطناعي على المعيار الدولي لإعداد التقارير المالية 7 من خلال آلية الحوكمة الداخلية للشركات

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المستخلص

يتناول البحث الحالي كيفية تأثير الذكاء الاصطناعي (AI) على تطبيق المعيار الدولي لإعداد التقارير المالية 7 من خلال معالجة آليات حوكمة الشركات الداخلية. بالاستفادة من البيانات العديد من الشركات في مجموعة من الصناعات، تبحث الدراسة في كيفية تأثير مكونات الذكاء الاصطناعي مثل أتمتة تقييم المخاطر، وتحليلات البيانات والنمذجة التنبؤية، والمراقبة وإعداد التقارير في الوقت الفعلي، وتحسين عملية صنع القرار والامتثال على فعالية المعيار الدولي لإعداد التقارير المالية 7. يتكون مجتمع البحث من شركات عدة في الصناعات التي تعتمد المعيار الدولي لإعداد التقارير المالية 7 (IFRS 7) وتدرج الذكاء الاصطناعي (AI) في آليات حوكمة الشركات الداخلية الخاصة بها. تشمل العينة شركات من قطاعات التكنولوجيا والصناعة والخدمات ذات درجات مختلفة من تبني الذكاء الاصطناعي وممارسات الحوكمة. تم إكمال الاستطلاع من قبل 242 فردًا (ن = 242)، بما في ذلك صناع القرار الرئيسيين مثل الرؤساء التنفيذيين والمديرين الماليين وأعضاء لجنة التدقيق. تم اختيار المندوبين بناءً على واجباتهم في الشركات التي تتبنى حلول حوكمة الشركات القائمة على الذكاء الاصطناعي والامتثال للمعيار الدولي لإعداد التقارير المالية 7. تم تجميع تعليقات المشاركين من خلال استبيان منهجي بشأن تأثير مكونات الذكاء الاصطناعي على آليات الحوكمة الداخلية وممارسات المعيار الدولي لإعداد التقارير المالية 7. تُظهر النتائج أن أتمتة تقييم المخاطر (المتوسط = 4.3، الانحراف المعياري = 0.5) وتحسين عملية صنع القرار والامتثال (المتوسط = 4.4، الانحراف المعياري = 0.4) هما عاملان من عوامل الذكاء الاصطناعي يُعتقد أنهما لهما تأثير كبير على استخدام وتطبيق المعيار الدولي لإعداد التقارير المالية 7. ومع ذلك، يبدو أن المراقبة وإعداد التقارير في الوقت الفعلي لهما تأثير أقل (المتوسط = 3.0، الانحراف المعياري = 0.6). من خلال التعمق أكثر في التفاوتات في أنواع الشركات المختلفة، والتي تشمل التكنولوجيا والصناعة وشركات الخدمات، يكشف البحث عن اختلافات خاصة بالقطاع في دمج الذكاء الاصطناعي مع إجراءات حوكمة الشركات. ونتيجة لهذه النتائج، تضع شركات التكنولوجيا معيارًا للتنفيذ، ويزداد أهمية الذكاء الاصطناعي في تحسين حوكمة الشركات، وخاصة في إدارة المخاطر وصنع القرار. وتضيف الدراسة إلى فهمنا لكيفية تعزيز العمليات المعتمدة على الذكاء الاصطناعي لفعالية وشفافية معايير إعداد التقارير المالية، وخاصة المعيار الدولي لإعداد التقارير المالية 7.

الكلمات المفتاحية: الذكاء الاصطناعي، المعيار الدولي لإعداد التقارير المالية رقم 7، آلية الحوكمة الداخلية للشركات.

Introduction

The roll-out of International Financial Reporting Standards (IFRS) implies an investment landscape that is more attractive. By the end of 2019,

for example, 166 countries mandated or permitted IFRS for their listed companies. These nations' economies might be categorized as advanced, emergent, or transitional (IASB 2020). As mandated by international financial reporting standards (IFRS), organizations have to have financial statements with valuable information covering its comparability and harmonization due to the growing number of international relations and continuous changes in the business setting (Leote et al., 2020).

On the other hand, in terms of IFRS 7 hiring, the financial instruments have undergone revisions and enhancements over the course of two decades. The IASB has been interested in financial instruments (FIs) since the early 1990s. The primary reason these instruments were cited as contributing to the 2008 financial crisis was their complexity (Yamani, 2020). Likewise, this illustrate provides a summary the results of a desktop analysis of annual report disclosures pertaining to risk of malfunction for a sample of listed businesses that use IFRS Accounting Standards. The report's objective is to demonstrate how these businesses, when using IFRS 7, present risk of malfunction related information in their reports (Panaretou et al., 2024).

On the other hand, artificial intelligence refers to a technique or methodology for imbuing a computer, robot, or device with human-like cognitive abilities. The study of artificial intelligence focuses on how the human brain functions while attempting to solve issues. AI aims to enhance computer abilities that are connected to human understanding, such as learning, reasoning, and problem-solving. The nature of this artificial intelligence is ethereal (Janaki & Clifford, 2021).

Even so, the potential applications and advantages of accounting's present surge in "artificial intelligence" are examined critically in this article. Additionally, it offers a chance to bring back significant accounting components, which we think is at least somewhat feasible (Ballantine et al., 2024).

However, because so many commercial and regulatory pressures are at play at the same time, these contemporary trends are seen as especially quick and drastic. In a very short period of time, new technologies, particularly those based on artificial intelligence (AI), will drastically alter the nature of current professional jobs and task profiles by significantly altering the general structure and procedures of accounting (Glikson & Woolley, 2020).

For that reason, the financial and accounting infrastructure of every organization is one of its most important components. It shows how far it can go and how effectively it functions. Systems typically use every resource available to them in order to guarantee that they have access to dependable accounting and financial outputs that can reveal the position and degree of market dominance of the business (Solikin & Darmawan, 2023).

Problem statement

The swift growth of Artificial Intelligence (AI) technologies gives both opportunities and hurdles for entities, specifically in the domains of financial reporting and governance. The core of International Financial Reporting Standard (IFRS) 7, which requires companies to give out information about the financial instruments they own, has traditionally been by hand reporting and handling of risks operations, historical data, and human judgment. With the growing prevalence of artificial intelligence in financial management, risk management, and regulatory compliance, the way firms report could witness an unprecedented transformation. The manner in which financial distress is reported and how firms respond to IFRS 7 might be left behind as firms embrace a new disclosure model mediated by intelligent systems.

This shift in era raises fundamental questions about the role that internal corporate governance mechanisms should play in overseeing technologies that no longer merely assist human judgment, but are beginning to replace it. In this context, ensuring that decisions generated by algorithms comply with IFRS 7 requirements requires more than technical compliance: it requires a deep understanding of how AI redefines the principles of transparency, validity, and accuracy in the valuation of financial instruments. As these systems becoming increasingly autonomous, traditional views of corporate oversight may very quickly become obsolete if they do not evolve to include the notion that error may no longer be the prerogative of a human failing, but also the result of algorithmic opacity, class biases and unintended coding errors. Therefore, the governance frameworks of the future will need to be as intelligent and dynamic as the systems they seek to regulate if they are to safeguard financial integrity in this new era dominated by artificial intelligence.

As the world witnesses a radical shift towards digitalization and the increasing reliance on artificial intelligence in financial reporting systems,

business environments in Iraq, particularly in the Kurdistan Region (Erbil), face a double challenge: the weak institutional and technical readiness necessary to implement International Financial Reporting Standard 7 (IFRS 7) within a new digital framework that requires the integration of financial compliance and smart technologies.

The central question that arises is: How can financial compliance in Iraq and Erbil be redefined using artificial intelligence, within a corporate governance environment that is still in its infancy, and a legal and accounting structure that faces challenges in responding to digital changes?

Research Question

1. How is artificial intelligence changing the landscape of financial risk management and reporting and, what impact will that transformation have on organizations' ability to reconcile the veracity, clarity, and regulatory acuity referenced in IFRS 7?
2. To what extent can internal corporate governance systems provide a bulwark between algorithmic innovation and regulatory compliance, when organizations deploy, artificial intelligence in a way which does not contort, distort, obfuscate or disrupt the integrity of financial reporting?

Purpose of the research: This research explores, from a semi-scientific perspective, the transformative impact of artificial intelligence on IFRS 7 compliance, particularly with regard to risk management and financial disclosure of financial instruments. Rather than observing change, it seeks to interpret the silent but powerful evolution of corporate governance, now called upon to be a lucid guardian in an environment governed by algorithms. The study also aims to reveal how AI is changing the perception and story of financial risk, heralding an age in which accounting becomes defined not merely by numbers, but by the invisible logic of the machines which interpret uncertainty with an almost prophetic precision.

Hypothesis

1. Strong corporate governance mechanisms enhance the quality and clarity of IFRS 7 disclosures when artificial intelligence technologies are applied.
2. The lack of effective governance increases the influence of AI-related bias and uncertainty on financial reporting, thereby reducing trust and regulatory compliance.

Importance: This study is significant for three reasons:

1. Supporting regulators in evaluating AI's impact on IFRS 7 disclosure quality.

2. Enhancing corporate governance to ensure responsible AI use.
3. Improving decision-making through accurate, transparent insights.

Research Limitations:

1. Sectoral scope: While the sample includes technology, industrial, and service sectors, the findings may not be generalizable to other sectors such as finance or healthcare.
2. Focus on IFRS 7 only: The study is limited to one financial reporting standard, restricting its applicability to other IFRS standards.
3. Self-reported data: The reliance on survey responses may introduce subjective or perceptual bias among participants.
4. Variation in AI adoption levels: The uneven maturity of AI implementation across firms could affect the comparability of results, especially between advanced and less advanced adopters.
5. Lack of temporal analysis: The study does not address the evolution of AI adoption over time, which limits insights into long-term effects.

Literature review: To build a deep and insightful analysis, this research will unravel and clearly define the three fundamental forces—artificial intelligence, IFRS 7, and internal corporate governance mechanisms—building on prior knowledge that will serve as a solid foundation, capable of confirming and revealing the true nature and scope of each variable at play.

❖ Artificial Intelligence (AI): Concepts and Applications in Corporate Governance

The creation of intelligent computers with human-like traits and skills is the main objective of AI research and development. Four primary categories—intelligence, business, research, and programming—can be used to classify artificial intelligence (AI), according to Anh et al. (2024). Here, "artificial intelligence" refers to the process of teaching machines to behave similarly to people. Corporate and research dimensions are powerful tools that frequently exceed human solutions for both corporate and human difficulties. The last programming dimension focuses on symbolic programming.

Artificial intelligence, according to He et al. (2019), is one of the scientific endeavors to enhance human life by teaching machines to imitate human mental capacities and behavior. This allows the machine to learn human skills and frees the human mind to concentrate on other tasks, like problem-solving and developing new tactics.

With its origins in computer science, artificial intelligence is one of the most important recent technological advancements that has changed the world and given humanity a huge qualitative jump in existence (Solikin & Darmawan, 2023). According to Kanaparthi (2024), artificial intelligence (AI) is the ability of robots to carry out mental functions typically performed by humans, such as learning, problem-solving, and critical thinking.

Therefore, artificial intelligence (AI) represents a set of technologies that enable computer systems to simulate human capabilities such as learning, analysis, and decision-making, with the goal of improving performance and reducing human error. In the context of corporate governance, AI plays a growing role in enhancing transparency, improving the efficiency of internal control processes, and automating risk assessment, which contributes to strengthening decision-making mechanisms and supporting compliance with regulatory standards (Kaplan & Haenlein, 2019). AI technologies such as big data analytics, machine learning, and analytical predictions are transforming traditional governance systems into more agile environments that respond more quickly to regulatory and market changes, enhancing organizations' ability to address financial and legal challenges more effectively (Brynjolfsson & McAfee, 2017).

❖ IFRS 7: Objectives, Requirements, and Its Impact on Financial Transparency

Since the implementation of IFRS in 2005, more research has been done to examine the effects of this implementation in a variety of domains, such as investment volume, auditing complexity and fees, financial statements, and the relationship between conditional conservatism and the value of financial information. Regarding whether implementing IFRS improves accounting quality generally or if no discernible improvement in quality is seen, the researchers' conclusions varied (Yamani et al., 2021).

As it turns out, there are two primary forms of disclosure: required disclosure and optional disclosure. This chapter's main topic, mandatory disclosure, relates to the financial and non-financial data or items that have to be revealed in accordance with legal requirements like IFRS. On the other hand, voluntary disclosure includes all the information that an organization wants to share, such as the strength and transparency of its position in a market that is becoming more and more competitive. Certain laws or accounting standards do not deem this information to be legally binding or necessary (PKF International, 2023 and Nurudeen et al., 2022).

According to earlier research, businesses today utilize a wide range of derivative instruments (such as options, forwards, futures, swaps, and over-the-counter products) for a number of reasons, including speculating, hedging, and managing earnings. Even while some businesses assert that they simply employ FIs to hedge their financial risks, the use of FIs has been implicated in numerous financial scandals and company failures over the past 20 years (Mnif & Znazen, 2024; Yamani, 2020; Yamani et al., 2021 and PKF International, 2024).

❖ Internal Corporate Governance Mechanisms: Their Role in Enhancing Compliance and Financial Control

According to some academics, if there is no public legal protection, it is impossible to use an effective corporate governance system to keep an eye on the manager. Insufficient public legal protection lowers openness, which in turn encourages managers to misuse their power and diminishes the effectiveness of corporate governance systems. However, the presence of a robust public legal protection environment enhances the function of effective internal corporate governance mechanisms and makes it easier for managers to carry out their monitoring duty (Ludwig & Sassen, 2022; Eugster et al., 2024; Alwadani et al., 2024).

As seen by the literature study above, a variety of perspectives and professionals acknowledge that the external environment in which financial organizations operate must directly affect their corporate governance forms and processes. Despite this, no previous study focused on the direct relationship between AI and IFRS 7 through internal corporate governance mechanism in financial institutions.

Finally, Although previous studies related to each variable of artificial intelligence and its impact on the implementation of International Financial Reporting Standard 7 (IFRS 7) are reviewed separately, the lack of a comprehensive and integrated review of relevant studies constitutes a methodological limitation that limits the research's ability to provide a coherent and integrated view of the theoretical framework. The fragmented approach to studies lacks analytical connections between variables and their interrelationships, making it difficult to construct unified hypotheses or interpret results within a broader, overlapping scientific context. This deficiency leads to a fragmented understanding of how artificial intelligence comprehensively impacts governance mechanisms and compliance with the

international standard, and reduces the depth of scientific inference that can be drawn. Furthermore, the failure to integrate previous studies into a unified critical framework prevents highlighting the key research gaps that motivate the study and weakens the ability to accurately determine the research's contribution to the development of current knowledge. Therefore, including a comprehensive literature review that combines and analytically links the findings of previous studies will consolidate the theoretical framework of the research, enhance the credibility of the results, and open up broader horizons for a comprehensive understanding of the impact of artificial intelligence on financial governance applications according to International Financial Reporting Standard 7.

Methodology: The methodology used in this research includes dependent variables like IFRS 7 through internal corporate governance mechanisms and independent variables like AI.

The firm and Sample: The empirical sample comprised 278 questionnaires, of which 247 were retrieved, 5 were eliminated, and 242 were evaluated. The CEO, the chairman of the audit committee, and the CFO of each business were the study's samples. The study's findings supported all of the research assumptions, and it suggests further study in this area to improve AI on IFRS 7 through internal corporate governance mechanisms.

Techniques for Collecting and Analyzing Data: The primary tool used in this research to collect data from the investigate sample was the questionnaire. 278 survey responses were distributed to qualifying human beings, including the CEO, the audit committee chairman, and the CFO of the targeted firms. Only 242 questionnaires were examined after 5 were eliminated for being erroneous or invalid after they were collected.

The information gathered from the surveys was loaded into SPSS, and a series of suitable statistical tests were run to look at the study's underlying assumptions. This aided in the analysis of the connections and correlations between the many study variables as well as the extraction of results that corroborate the research assumptions. Reliability tests, frequency analysis, hypothesis testing, and the acquisition of precise statistical data that support the study's conclusions were all carried out using SPSS.

As a consequence, the study challenge was resolved through the use of questionnaires for data analysis and SPSS for statistical analysis to support the findings.

❖ **The intended population:** The research's target population is made up of senior executives from businesses, (CEO, The Audit Committee Chairperson, and CFO).

These people are the perfect respondents since they are important decision-makers who have a direct hand in financial reporting and governance within their companies.

Results

The age distribution of the participants (see Table 1) was as follows: 20.2% were under 40, 40.9% were in their early to mid-forties, 23.5% were in their late forties, and 15.3% were over 51. Males made up the majority of participants (79.80%). 194 out of 242 participants, or more than two-thirds, had a university degree or above. Only a small percentage (2.5%) of the businesses had more than 203 employees, whereas the bulk (57%) had between 101 and 150.

Table (1): demographic characteristics

Characteristics		Frequency	Percentage
Gender	Male	193	79.80%
	Female	49	20.2
	Total	242	100
Age	25-40	54	20.3%
	41-45	94	40.9%
	46-50	62	23.5%
	51+	32	15.3%
	Total	242	100
Education	Diploma degree	58	24.0%
	University	174	71.7%
	M.A.	8	3.3%
	Ph.D.	2	0.8%
	Total	242	100
Scale of the enterprise	50-100 employees	56	23.1%
	101-120 employees	118	48.8%
	121-150 employees	21	8.7%
	151 + employees	47	19.4%
	Total	242	100

Usefulness of Demographic Variables: Although demographic variables (such as sector, job title, years of experience, and company size) were not used to directly test the hypotheses, their inclusion in the study is of methodological and analytical importance. These variables helped to:
Accurately characterize the sample, providing a clear background about the study participants and allowing the reader to assess the extent to which the sample represents the real world.

Support the interpretation of the results by demonstrating the sectoral and functional distribution of participants, which may explain some of the variation in AI adoption levels or perceptions of its impact on disclosures.
Enhance generalizability, as these variables enable the researcher to discuss whether the results are applicable to specific sectors or segments only, or whether they can be generalized more broadly.
Enable future analysis, as these variables serve as the basis for conducting subsequent sub-analyses (such as testing differences between sectors), both in this research and in future studies.

Omitting these variables would have resulted in a lack of transparency in the study design and potentially undermined the credibility of its findings. Therefore, their inclusion—even without using them in hypothesis testing—is a sound research practice that enhances the explanatory and methodological value of the study.
Therefore, the demographic features were used simply as descriptive information about the sample and as supplemental data for understanding the hypotheses; they were not included as variables or factors in the analyses.
Mean Research Variables

The research's dependent and independent variables' means and standard deviations are displayed in

Table (2): Illustrates the means and standard deviations of the independent and dependent variables.

Variables	Mean	Standard deviation
AI	4.5	0.6
IFRS 7	4.0	0.8
internal corporate governance mechanisms	3.8	0.5

The results indicate that, with some variation in internal corporate governance mechanisms, AI techniques and IFRS 7 are usually viewed favorably. These revelations set the stage for a more thorough investigation of the connections between these factors in the study.

The positive utilization of AI techniques and how they relate to IFRS 7 adoption.

The relationship between the beneficial use of AI practices and IFRS 7 is examined in this section based on data from a thorough survey given to people in various management positions inside various organizational structures. The executives, managers, and employees who took part in the poll were asked how successful they thought the adoption of IFRS 7 was and how much positive AI practices they saw in their organizations. The target was to achieve a robust understanding of how several levels of authority vary in how they align AI processes with IFRS 7. The following analysis examines mean and standard deviation values to shed light on the main trends and degree of variation in responses through these operational levels.

Table (3): Multiple levels of staff

levels of staff	Positive Usage of AI Practices (Mean ± SD)	Attainment of IFRS 7 (Mean ± SD)
CFO	High (4.3 ± 0.4)	High (4.2 ± 0.3)
Chairman of the Audit Committee	Moderate (3.7 ± 0.6)	Moderate (3.9 ± 0.5)
CEO	Low (2.9 ± 0.5)	Low (3.0 ± 0.4)

The table summarizes the connection among artificial intelligence's (AI) impact on IFRS 7 adherence and the efficiency of internal corporate governance mechanisms at various ranks of management. The mean values display the usual views on how AI impacts IFRS 7 reporting, despite the standard deviations reveal the wide range in responses throughout all levels of management. The findings indicate varying levels of AI acceptance and its impact on IFRS 7 adhering to the highlighting the role internal governance mechanisms play in assisting different departments within an organization in bringing AI technologies into obedience to reporting regulations.

The revolutionary power of artificial intelligence over IFRS 7, directed and shaped by the internal watchdogs of corporate governance, custodians of financial integrity and truth.

The deep and pervasive influence of AI on IFRS 7 compliance, embedded within the complex ecosystems of internal governance within organizations, is evident from Table 4 below. From a variety of voices from tech to manufacturing to services to NGOs, it becomes clear how AI is radically changing the way companies are reporting and controlling their businesses. Averages and std deviations and beacons that can lead us to the hidden patterns, frequency as a conformity for collective insights, along with an ever present AI and governance in the mix.

Table (4): Different AI effects on IFRS 7 compliance

The type of entity	impact of AI on IFRS 7 through internal corporate governance mechanism	Frequency
Technology	High (4.4 ± 0.4)	90
Industry	Moderate (3.7 ± 0.6)	65
Service firm	Low (3.0 ± 0.5)	50

The tabulated conclusions present a summary which shows different AI effects on IFRS 7 compliance within internal corporate governance systems across sectors. The technology sector leads the way with its comprehensive AI practices that significantly boost standard compliance rates whereas industrial and non-profit organizations achieve moderate results due to their limited AI financial and regulatory practice integration. The impact from AI implementation in service organizations remains relatively lower than it does in other sectors. Different perspectives exist across each sector about the functions of AI in reporting and governance improvement as shown by the standard deviation values. The repeated patterns of data in the column structure help observers understand better how organizations differ or agree about AI implementation in their governance mechanisms for IFRS 7 compliance.

These conclusions present strong foundations for future research that will examine elements that affect or impede AI's impacts on financial reporting across complex and diverse companies.

Certain aspects of artificial intelligence (AI) will affect its subsequent effects on IFRS 7 through internal corporate governance mechanisms more than others.

This table provides an overview for charting the complex totality of the effects of artificial intelligence on IFRS 7 via internal corporate

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governance mechanisms, depicting how explicitly AI can be designed into the corporate financial reporting processes. It is critical that companies can understand the impact of AI as they strive for corporate responsibility and reporting in the changing enterprises ecosystem, especially for how it affects IFRS 7 implementation and enhancement. Our survey anticipated a variety of responses from a diverse range of expertise and sectors, exploring how artificial intelligence is seen to have impact in areas like risk mitigation, financial reporting and governance. Apart from understanding significance based on the mean values in conjunction with standard deviations, and ranges with frequencies, this approach can help advance our understanding of the main trends in the area, as well as the degree of variability and frequency of perspective on AI potentially enhancing internal governance mechanisms and providing improved adherence to IFRS 7.

Table (5): Different of artificial intelligence (AI) influences on the internal corporate governance mechanisms being used to fulfil IFRS 7

AI Component	**Impact on IFRS 7 through internal corporate governance mechanism (Mean ± SD)**	**Frequency (n)**
Automation of Risk Assessment	High (4.3 ± 0.5)	90
Data Analytics and Predictive Modeling	Moderate (3.8 ± 0.7)	60
Real-Time Monitoring and Reporting	Low (3.0 ± 0.6)	40
Enhanced Decision-Making and Compliance	High (4.4 ± 0.4)	70

By bringing together the data in this table, it is clear that different aspects of artificial intelligence (AI) have different influences on the internal corporate governance mechanisms being used to fulfil IFRS 7. Forecasting role-playing, data analytics, and, threat assessment automations had the highest mean effect ratings; while the mean effect ratings for Real-Time Observing and Reporting and, Improved Decision-Making and Conformance were regarded to be moderate and relatively lower, respectively.

The ranges of the standard deviations show the variations of opinions and ranges of evaluations from the respondents, with respect to the important AI variables. The frequency data also showed highly common points of views on several aspects that offered utilities for revealing the relative importance of each of the AI factors. The findings both helps contribute to our understanding of how AI influences IFRS 7 compliance by providing firms with priorities in ordering the factors of AI, in reference to high to low impact rating, when attempting to assess its internal governance mechanism.

Conclusion: In light of the findings, the study confirms that artificial intelligence (AI) represents a pivotal tool in supporting the implementation of International Financial Reporting Standard 7 (IFRS 7) through internal corporate governance mechanisms. The positive impact of AI can be summarized across its main components as follows:

1. Automated Risk Assessment: The results demonstrated that automated risk assessment is one of the most influential components in improving the quality of financial disclosure. It contributes to accurately and timely identifying risks, enhancing the responsiveness of governance systems and supporting effective compliance with IFRS 7 requirements.

   - Data Analytics and Predictive Modeling:

   These tools have enhanced the ability to extract accurate insights from financial data, enabling decision-makers to improve the accuracy of financial reports and provide greater transparency. It also supports the prediction of accounting risks and opportunities, in line with the disclosure requirements of IFRS 7.
2. Real-time monitoring and surveillance: Although this component showed a relatively lower impact compared to the other components, it remains an important supportive element in providing real-time oversight, enabling the detection of any financial irregularities or deviations as soon as they occur.
3. Improving decision-making and compliance: The results highlighted that artificial intelligence enhances the quality of financial management decisions by supporting continuous and accurate compliance with accounting standards, which is reflected in the reliability and effectiveness of financial disclosure in accordance with IFRS 7.

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