

The Reality of Applying a Standard (IFRS 13) and its Reflection on Accounting Earnings Quality under Financial Crisis/ Applied Study on a Sample of Banks Listed in Iraq Stock Exchange

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Abstract: The research aims to show the reality of applying a standard (IFRS 13) and its reflection on accounting earnings quality under financial crisis. The research community was bank sector, and research samples was 16 banks. Independent variable (Standard IFRS 13) was measured by two ways: first, the significance of the fair value based net income, second, the significance of the fair value based comprehensive income). While accounting earnings quality was measured by Kothari's Model, the financial crisis measured as dummy variable, considering the years 2020 and 2021 represented by the financial crisis as a result of the covid-19. The research concluded there is positive relationship between the fair value according to a standard (IFRS 13) and accounting earnings quality, and that relationship increase in light of the Covid-19 crisis, that may be due to fair value lead to reduce the shock and increase the user confidence for financial information. Also, the research found there is an effect of the fair value standard (IFRS 13) on the earnings quality, the effect increase in 2020-2021 when crisis of Covid-19 occurred. Researcher recommendation, the necessity of increasing the user's awareness of the financial reports in Iraqi banks for international financial reporting standards, including the (IFRS 13), because it is lead to increase adequate and presenting information to reflect the actual reality.

Keywords: IFRS 13, Accounting Earnings Quality, Financial Crisis.

1. Introduction

The appearance of multinational companies, globalization, economic openness between countries and connection the economies with each other, especially the field of global trade, these large developments were accompanied by increasing the prices of some fixed and current assets during the company's life period, that led to pressure on accounting, and the influence of some principles, and the most important of these principles is the principle of historical cost, which faced many criticisms, especially some financial crises that have occurred. The year 2011 is a turning point in the adoption and applying the international financial reports standards (IFRS), these standards have adopted approximately 120 countries, including the European Union and some developing countries. Supporters of these standards believe that this contributes to improving the quality of numbers for financial reports, and it will reduce the information asymmetry and cost of capital, and raise the ability to predict future profits, and increase the flow of capital. One of the most important reasons that called for the applying the fair value standard is the

financial crisis, as the assets do not express their true value, as well as there are profits and losses resulting from changing the prices of assets, and the liabilities do not appear in the income list.

This research aims to explain the reality of applying the standard (IFRS 13) and its impact on accounting practices and the quality of the accounting number in light of the repercussions of the recent financial crisis (the CoVid-19 crisis) in the Iraqi environment.

2. Research hypothesis: The researchers seek to find logical solutions through the following hypothesis:

The research is based on the following hypotheses:

H1: There is a significant relationship between the adoption of a fair value according to the standard (IFRS 13) and the accounting earnings quality and financial crises in Iraqi banks for research sample.

H2: The relationship of fair value according to the standard (IFRS13) is different with the earnings quality in light of the repercussions of financial crises in Iraqi banks.

H3: There is a significant effect of the fair value according to the standard (IFRS13) in the earnings quality in Iraqi banks.

H4. The effect of the fair value standard (IFRS13) on the earnings quality is varies in light of financial crises in Iraqi banks.

3. Literature review

3.1. Accounting Earning Quality

In this section, it will write about the concept of accounting earnings quality, the characteristics of accounting earnings quality, and the factors that affect the accounting earnings quality

3.1.1 The Concept of the Accounting Earning Quality

The concept of accounting profits has taken a distinguished position in accounting thought as one of the most important criteria indicating the truth and realism of the real and actual profits of the company (Abs, 2016). The concept of Accounting earnings quality is a sign of the difference between the declared accounting profit and the economic profit of the company, this difference results from registration and measurement of financial events, which may be affected by management estimates. In addition, the concept of earnings quality can be achieved through the ability of the current profits to continue in the future, the more profits are characterized by continuity, this is a good indication of the high level of earnings quality (Hameed, 2020). As many users of the financial statements make many decisions and these decisions come by dependence on accounting profits as the most important information to rationalize their decisions, and the concept of accounting profits is different according to the users of the financial statements. the auditors believe earnings have quality if company was commitment to the recognized rules and principles, and the creditors believe earnings have quality, if it was ease and flexibility of transferring the declared profits to cash, and the shareholders believe earnings have quality, if when it reflects the real performance of the company (Fouad, 2015). The concept of accounting profits varies depending on the different goals of the users of the financial statements, where some see that the presence of unusual items in the disclosure of profits leads to a decrease in the accounting earnings quality. Others believe that the profits have high quality if they are measured and disclosed with the accepted accounting principles (Dewanti, 2019).

Several studies have provided definitions showing the concept of accounting earnings quality:

Accounting earnings quality is one of the information that has an impact on stakeholder's decision regarding the relevant company (Pratiwi & Pralita, 2021). Also, the accounting earnings quality was

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defined as "it can express the high quality of the income that is disclosed from exceptional items in the income statement, that express the income is a good indication of future profits" (Ali, 2021) The profits that have main characteristics of the accounting information that financial reports users want and that help them achieve the goals of financial reporting in general and the goals of reporting accounting profit in particular (Farinha et al., 2018).

3.1.2. characteristics of Accounting earnings quality

Accounting profits quality are high -quality when they are characterized by a number of properties as mentioned: (Ji, 2017)

1. The profits are continuing, and it is the best way to predict the sustainability of profits in the future.
2. The profits are characterized by being easy, and therefore they do not change over time and through it can predict in the future.
3. The profits should be free of special or repeated items.
4. The profits are characterized by being the lowest changes in the total accruals.
5. They are based on conservative accounting rules, or conservative applications for relevant rules.
6. The profits are supported by the past, present and future cash flow.

3.1.2. Factors affecting the earnings quality

Several studies have studied factors that affect the accounting earnings quality that would increase or reduce earnings quality depending on their direction and degree of influence. Both a study indicated (Hamdan, 2012), (Al –Sharkali, 2015), To a number of basic factors that affect the earnings quality, which are as follows, and the factors can be explained below:

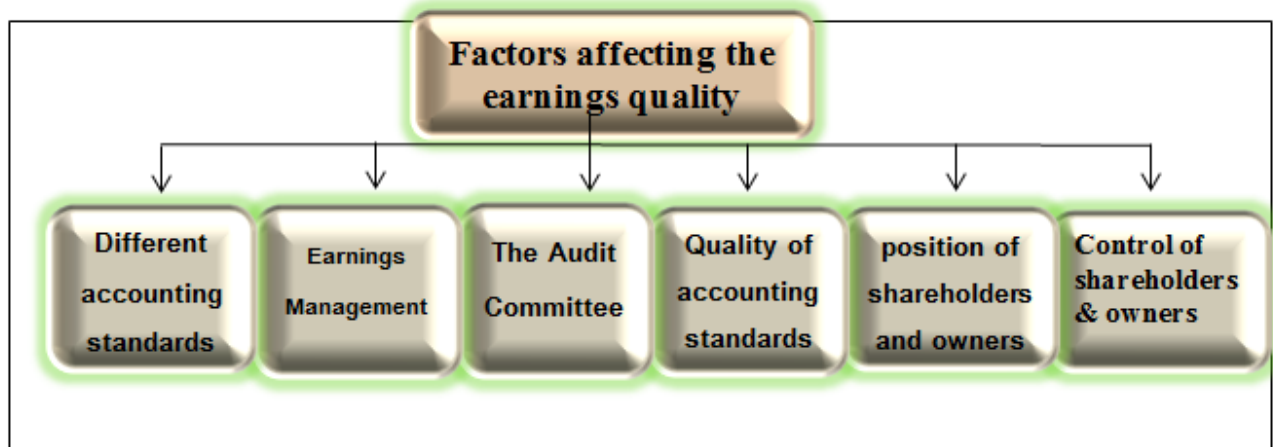


Figure (1) Factors affecting the earnings quality

The researcher believes that all the factors mentioned in Figure 1 affect the accounting earnings quality in addition to some other factors such as accounting conservatism (The percentage of accounting conservatism followed by the company affects the quality of the accounting number), As well as corporate governance, internal control and other factors that directly or indirectly affect the accounting earnings quality.

3.2. Fair Value According to standard of (IFRS 13)

3.2.1. concept of Fair Value

Standard of (IFRS 13) is the only standard that talks in detail about measurement of fair value. Standard of (IFRS 13) was issued in May 2011 by the International Accounting Standards Board (IASB), and it was applied in 2013, the standard was the consequence of a six-year effort between the (IASB) and the (FASB). Before issuing this standard was long and difficult discussions, and its issuance had two reasons: The first reason: insistence of International Accounting Standards Board to determine fair value, the other reason relates to the coincidence of the discussion of fair value with the world financial crisis and the attempt of relevant parties to solve it (Andrew Watchman, 2012).

Definition of GAAP, the fair value of any asset is defined: the amount by which that asset can be sold or bought, in a real ongoing process between two parties who are willing, in condition no liquidation (Hitchner, 2003).

Definition of (IASB): The amount that can be exchanged for an asset or settlement of a liabilities between parties who wish to be treated on condition that they are independent." (Kieso & Weygandt, 2011).

Fair Value standard (IFRS 13) issued in 2011, and applied in 2013 came after the many criticisms of the principle of historical cost and fair value interpretations following the financial crisis in 2008.

3.2.2. Relationship between A fair value and quality of accounting information

The adoption of the fair value as a basis for accounting measurement allows to provide accounting information with qualitative characteristics and useful information, whenever there is the availability of qualitative characteristics whenever the judgment is the degree of quality of information, the researchers also indicated the most important differences between fair value and historical cost as shown in the table below (Hawas, 2008), (Ajibolade, et al 2019):

Table (1) The effect of the use of fair value on characteristics of accounting information

characteristic	Fair Value	Historical Cost
Relevance	It reflects information related to the company performance , and helps to take administrative decisions related to retaining or selling assets or obligations, as well as carrying debts and paying them	It reflects information related to the company's performance only, with regard to buying or selling assets, carrying debts and paying them, and ignores the decisions to continue to keep the assets or pay the liabilities
Faithful Representation	The fair value is more reliable, faithful representation, and more consistent because it represents the economic reality and the values in which transactions are actually occurred	Historical cost information does not reflect the economic reality of the company

3.2.3. Advantages and disadvantages of using fair value accounting

There is not a standard of accounting without defects or shortcomings in some aspects, and among what are advantages or disadvantages of the following: (Ismail, 2022)

Table (2) Advantages and disadvantages of using a fair value standard

Advantages	disadvantages
<ul style="list-style-type: none"> -The fair value reflects the company's economic reality and expresses the concept of comprehensive income. - This standard provides an accurate measure of the concept of value and economic profit of the company. - This standard takes into account the changing in purchasing power of the cash. - The use of fair value is more appropriate to make decisions and make financial analyzes and a better basis for predictions of business results and cash flows - The fair value increases investor awareness and supports their future outlook 	<ul style="list-style-type: none"> -Adopting this standard in some aspects lead to Inaccuracy of accounting measurement due to the difference in personal opinions of the evaluation process, especially the financial instruments inactive. -- Preparing and disclosure financial statements according to the fair value standard requires a long period of time, which causes delay in the access of information to users. - The fair value increases investor awareness and supports their future outlook.

3.3 Relationship between Accounting Earning Quality and Fair Value under Financial Crisis

3.3.1. Financial Crisis

The crisis is an unexpected shock that results in a sudden imbalance in the economic balance that may be real, financial, internal or external, and it moves between countries according to their financial and commercial connections (Thanoon, 2018). financial crisis, it is a situation of chaos, turmoil and instability that afflicts the economy, whether local or global, which results in negative effects, so the economy enters into the case of stagnation and contraction (Nasrawi, 2020). The concept of the financial crisis is a surprising chaos in some economic balances followed by a collapse in some financial institutions and its effects extend to other economic sectors (Awad & Ahmed, 2019).

The researcher believes that financial crises are unexpected events that may occur successively and take different patterns that affect the economy and delay its growth, according to their association with the financial system.

3.3.2. The reality of accounting practices in light of crises

accounting practices that adopted by management affects and affected by financial crises, a study indicated (Liao et al, 2013) To the relationship of accounting of fair value in American companies, the study concluded that there is a disparity between companies in adopting accounting of fair value in light of the financial crises, and that the accounting of fair value works to rationalize investor decisions before, during and after the financial crisis. (Ismail, 2022) indicated to the various international accounting councils seek to standardize accounting that leads to the search for a scale that has general acceptance, and the fair value is considered one of the latest measurement models that the accounting has known especially after financial crises. On the other hand, the managements always seek to avoid the dangers by seeking to adopt methods that help carefully predict the future events that you can be exposed to. And crises are considered one of the most important dangers that threaten companies and that may lead to bankruptcy

On the other hand, the impact of the financial crisis on the quality of the accounting number was mentioned by many accounting studies mentioned accounting conservatism and its effects on the accounting number in light of the financial crises. There is a positive relationship between financial crises and accounting conservatism in the financial reports published by companies, as companies are more careful and conservative during the period of financial crises in order to achieve staying in the market, by recognizing the expected losses and avoiding recognition of profits or expected revenues until they occur (Hussein, 2020).

3.3.3. Relationship between Research Variables

A fair value approach is one of the recent approaches; to cover the deficiencies resulting from the applying of the principle of the historical cost that talked about previously, the approach of fair value provides users of financial statements appropriate information to make the right decisions, as this information becomes more appropriate with the applying of fair value (Thanoon, 2018). To adopt the basis of a fair value makes the financial statements more suitable for investors for the purposes of evaluating equity compared to the historical cost due to the existence of a strong positive relationship between the fair value information of financial investments (shares and bonds) and the market value of equity, the measurement of investment in securities on the basis of fair value is appropriate and beneficial in making rational investment decisions by current, expected and lenders investors including the financial statements on fair value information increases the characteristics of accounting information, where there is a significant relationship between the characteristics of fair value information such as relevance, faithful representation, reliability, comparability, understandability, timeliness, faithful representation, transparency, realism expressing risks, which achieves benefit from using this information in making various economic decisions (Al – Sayyad, 2013).

The applying of fair value leads to more inconstant profits for more reasons: first reason the volatility of the measurement for true value of the assets and liabilities, and the second reason is the errors of measurement and errors of estimating changes in the fair value of assets and liabilities, if the change is the result of real changes in the value of assets and liabilities, then it is a positive effect of the fair value because it reflects the actual reality and shows the terms of the fair value that closest to reality (Al –Najjar, 2013). Also indicated that the fair value expresses the market in the date of measurement and is more appropriate for future predictions with regard to cash flows and future profits (Sodan, 2015).

The researcher believes that the disclosure and measurement based of fair value enhance the qualitative characteristics of accounting information, and thus will increase the quality of accounting profits, as the previous researchers indicated, that during the financial crises, the process of relying on the fair value increases in order to increase the confidence of the stakeholders.

4. Sample and Data Collection

Researcher dealt in this section with a sample of research, method of measuring variables, and test the hypotheses as follows:

4.1. The Research Sample

Banks represents the research field, because the importance of this sector in various countries worldwide. The research community is represented by all banks listed in the Iraq Stock Exchange, while the sample was (16) banks, As shown in Table (3), the time limits of this sample were represented by six years from (2016) to (2021), to be the number of observation included in the study (96) observations (bank/year), The sample has been determined according to three conditions: First is the availability of financial statements

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for the year 2021, second condition continue to disclose their statements for years without interruption, and the third condition is availability of information to measure variables.

Table (3) Banks representing the research sample

N	Bank Name	N	Bank Name
1	Gulf Commercial Bank	9	United Investment Bank
2	Ashur International Bank	10	Economy Bank for Investment
3	Commercial Bank of Iraq	11	International Development Bank
4	Baghdad Bank	12	Trans Iraq Bank
5	Iraqi Middle East Investment Bank	13	Erbil Bank
6	Al-Mansour Investment Bank	14	Investment Bank
7	Iraqi Credit Bank	15	National Bank
8	Sumer Commercial Bank	16	United Bank for Investment

Source: Table prepared by the researchers

Table (3) shows 16 Banks, which are represented the research sample

4.2. Measuring the variables

The research included three types of variables:

Independent variable (fair value), is measured in agreement with the study (Šodan, 2015), (Paoloni et al., 2017). as follows:

First: The Significance of the fair value based net income (FVS_ IN) = Fair value profits or losses of the assets/net income

Second: The Significance of the fair value based Comprehensive income (FVS_ CI) = Fair value profits or losses of the assets/ Comprehensive income

The higher the absolute value in the scale that mean higher of the expansion of implementation fair value standard.

The dependent variable (Accounting Earnings Quality) It is measured according to the quality of the accruals, relying on the (Kothari, 2005)) As a model for estimating the accruals by linking them to the company's performance in the past and present,

The first step: Determining the total accruals:

$$TA = NIO - CFO$$

After that the assessment of the total accruals through the form:

$$\frac{TA_{i,t}}{A_{i,t-1}} = B1 \left[\frac{1}{A_{i,t-1}} \right] + B2 \left[\frac{\Delta RVE_{i,t} - \Delta AR_{i,t}}{A_{i,t-1}} \right] + B3 \left[\frac{PPE_{i,t}}{A_{i,t-1}} \right] + B4 ROA_{i,t} + \epsilon_{i,t}$$

The second step: estimating beta coefficients

Table (4) show the value of beta coefficients for the quality of the accruals

β	B0	B1	B2	B3	B4
Value	-0.063	0.000	0.189	-0.078	0.920

Source: The table prepared by the researcher

Third step: After identifying the coefficients (B1, B2, B3, B4), the Non-Discretionary Accrual are calculated by compensating the values of the coefficients as shown:

$$\frac{NDA_{i,t}}{A_{i,t-1}} = B1 \left[\frac{1}{A_{i,t-1}} \right] + B2 \left[\frac{\Delta RVE_{i,t} - \Delta AR_{i,t}}{A_{i,t-1}} \right] + B3 \left[\frac{PPE_{i,t}}{A_{i,t-1}} \right] + B4 ROA_{i,t} \in i, t$$

Fourth step: After that, the discretionary Accrual are determined as:

Total Accrual= discretionary Accrual + non-discretionary Accrual

TAC_{i, t} = NDA_{i, t} + DAC_{i, t}

Fifth step: taking into account the absolute value, and then multiply it in (-1), IF the value of the optional accruals was lower, it indicates non-manipulation of profits.

Interactive Variable (The financial crisis), it is measured as dummy variable, considering the years 2020 and 2021 represented by the financial crisis as a result of the covid-19 and its repercussions on the business environment, as both years were given the value (1), while the value (0) was given otherwise.

Table (5) shows the descriptive statistics for search variables.

Table (5) descriptive statistics for search variables

Type of variable	Search Variables	Mean	Standard Deviation	Min value	max value	V.C
Independent (Fair Value IFRS 13)	X1	0.084	0.141	0.000	0.749	168%
	X2	0.099	0.183	0.000	0.847	186%
Interactive (Financial Crisis)	M	0.333	0.474	0.000	1.000	142%
Dependent (Earnings Quality)	Y	-0.143	0.173	-0.829	0.000	- 121%

Source: Table is prepared by researcher depend on (SPSS).

It is noted from Table (5) that the fair value (according to the net Income and according to the comprehensive income scale) For the search sample for the average observations of all (6 years and 16 banks), it has recorded less than 10%, however, the generalization of this percentage to the sample as a whole is weakened by the height recorded by the standard deviation and the V.C, which indicates lack of consistency and dispersion in observations. The value of the earnings quality also indicates a somewhat low level, However, this level does not express the sample due to the large value of the standard deviation and V.C. (The value of V.C. for variables exceeded all the standard value of 50%, which indicates dispersion and variation in observations between banks).

5. Test of the hypotheses

The research consists of Four hypotheses:

H1: There is a significant relationship between the adoption of a fair value according to the standard (IFRS 13) and the accounting earnings quality and financial crises in Iraqi banks for research sample.

The first main hypothesis was tested by finding Pearson's correlation between search variables (standard of fair value (IFRS13), earnings quality and financial crises), as shown in Table (6) the following:

Table (6) shows the relationship between Variables

		Fair Value	Fair Value	Financial Crises
		X1	X2	M
Earnings Quality	Y	0.384**	0.311**	0.366**
	Sig	0.000	0.002	0.000
Financial Crises	M	0.491**	0.550**	1
	Sig	0.000	0.000	

Source: Table is prepared by researcher depend on (SPSS).

It is noted from Table (6) there is a positive (direct) significant relationship between fair value and earnings quality, this indicates when the level of fair value (IFRS13) in the banks be high, that will lead to increase earnings quality levels. It also notes high levels of adoption of fair value (IFRS 13) and high levels of earnings quality in light of the financial crises, so these results indicate the acceptance of the first main hypothesis of research.

H2: The relationship of fair value according to the standard (IFRS13) is different with the earnings quality in light of the repercussions of financial crises in Iraqi banks.

To test this hypothesis, the partial correlation coefficient between the fair value standard (IFRS13) and earnings quality was measured after excluding the financial crisis variable, and table (7) shows the results of this test.

Table (7): Value of partial correlation

variables		excluding the financial crisis	Not excluding the financial crisis
		Earnings Quality	Earnings Quality
Fair Value X1	Person	0.252*	0.384**
	Sig	0.014	0.000
Fair Value X2	Person	0.141	0.311**
	Sig	0.172	0.002

Source: Table is prepared by researcher depend on (SPSS).

Table (7) shows the decrease in the positive relationship between the fair value (x1) and the earnings quality as a result of excluding the financial crises variable, significantly, as well as the case according to the fair value scale (x2), which indicates a certain way for the role of financial crises to enhance the positive relationship between adopting the standard of fair value and earnings quality, it accepts the second main hypothesis. These results indicate the acceptance of the second main hypothesis.

H3: There is a significant effect of the fair value according to the standard (IFRS13) in the earnings quality in Iraqi banks

It includes two hypotheses: they are

H3a. There is a significance effect of the fair value standard (IFRS13) according to the net Income scale in the earnings quality in Iraqi banks

A simple linear equation has been formulated to estimate the earnings quality in terms of adopting the fair value standard (IFRS13) according to the net income scale,

Table (7) shows the results of the effect test.

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Table (8): The effect of fair value according to the net Income scale in the earnings quality

Variables	(β_0)	(β)	(T) (Sig)	(F) (Sig)	(R ²)
fair value according to the net Income	-0.170	0.347	4.036 (0.000)	16.290 (0.000)	0.148

Source: Table is prepared by researcher depend on (SPSS).

From Table (8) notes the following:

1. The regression equation model is proven because value of (F) was significant, F value was (0.000) which less than (0.05%), which means that there is possibility to estimate the levels of earnings quality in terms of fair value according to the net Income.
2. significant of (T) value, it was less than (0.05%), which means there is a significant effect of fair value according to the net Income on earnings quality.
3. The value of the coefficient of determination (R²) of (.148), indicates that the fair value explains (14.8%) of the changes that occur in the levels of earnings quality, and this percentage is rather small, and that the largest explanation percentage (85.2%) is due to factors other not shown in the current form.
4. The positive beta (β) value of (0.347), indicates the higher the level of adopting the fair value according to the net income scale, this will lead to the high earnings quality.

Results above indicate the acceptance of the H3a hypothesis.

H3b. There is a significance effect of the fair value standard (IFRS13) according to the comprehensive Income scale in the earnings quality in Iraqi banks

A simple linear equation has been formulated to estimate the earnings quality in terms of adopting the fair value standard (IFRS13) according to the comprehensive Income scale,

Table (9) shows the results of the effect test.

Table (9): The effect of fair value according to the comprehensive Income scale in the earnings quality

Variables	(β_0)	(β)	(T) (Sig)	(F) (Sig)	(R ²)
fair value according to the net Income	-0.159	0.187	3.175 (0.002)	10.079 (0.002)	0.097

Source: Table is prepared by researcher depend on (SPSS).

From Table (9) notes the following:

1. The regression equation model is proven because value of (F) was significant, F value was (0.002) which less than (0.05%), which means that there is possibility to estimate the levels of earnings quality in terms of fair value according to the comprehensive Income.
2. significant of (T) value, it was less than (0.05%), which means there is a significant effect of fair value according to the comprehensive Income on earnings quality.

3. The value of the coefficient of determination (R^2) of (.097), indicates that the fair value explains (0.9%) of the changes that occur in the levels of earnings quality.
4. The positive beta (β) value of (0.187), indicates the higher the level of adopting the fair value according to the comprehensive Income scale, this will lead to the high earnings quality.

Results above indicate the acceptance of the H3b hypothesis.

H4. The effect of the fair value standard (IFRS13) on the earnings quality is varies in light of financial crises in Iraqi banks.

It includes two hypotheses: they are

H4a. The effect of the fair value standard (IFRS13) according to the net Income scale on the earnings quality is varies in light of financial crises in Iraqi banks.

A Multiple linear equation has been formulated to estimate the earnings quality in terms of adopting the fair value standard (IFRS13) according to the net Income, and financial crisis as an interactive variable. For the purpose of knowing the level of the impact of financial crises as an interactive variable in the influential relationship to adopt a fair value standard (IFRS13) according to the net profit scale in the earnings quality. Table (10) shows the results of the effect test.

Table (10): The effect of a fair value standard according to the net income scale in the Earnings quality in light of the financial crises

Variables	(β_0)	(β)	(T) (Sig)	(F) (Sig)	(R^2)	Adjusted (R^2)
fair value according to the net Income	-0.195	0.443	3.387 (0.001)	9.176 (0.000)	0.230	0.205
financial crises		0.143	3.135 (0.002)			
fair value according to the net Income and financial crises		0.421	2.217 (0.029)			

Source: Table is prepared by researcher depend on (SPSS).

From Table (10) notes the following:

1. The regression equation model is proven because value of (F) was significant, F value was (0.000) which less than (0.05%), which means that there is possibility to estimate the levels of earnings quality in terms of fair value according to the net Income and financial crises as an interactive variable, this indicates the validity of the model.
2. significant of (T) value, it was less than (0.05%), which means there is a significant effect of fair value according to the net Income and financial crises as an interactive variable in earnings quality.
3. The value of the coefficient of determination (Adjusted R^2) of (0.205), indicates that the fair value and financial crises as an interactive variable explains (20.5%) of the changes that occur in the levels of earnings quality.
4. The values of beta (β) (0.443), (0.143), (0.421) for the fair value standard (IFRS13) according to the net profit scale and financial crises as an interactive variable was a positive effect, meaning the higher the level of adoption of the fair value standard (IFRS13) according to the net profit scale, as well as the occurrence of financial crises as an interactive variable, that lead to high level of earnings quality.

Results above indicate the acceptance of the H4a hypothesis.

H4a. The effect of the fair value standard (IFRS13) according to the comprehensive Income scale on the earnings quality is varies in light of financial crises in Iraqi banks.

A Multiple linear equation has been formulated to estimate the earnings quality in terms of adopting the fair value standard (IFRS13) according to the comprehensive Income, and financial crisis as an interactive variable. For the purpose of knowing the level of the impact of financial crises as an interactive variable in the influential relationship to adopt a fair value standard (IFRS13) according to the comprehensive Income scale in the earnings quality. Table (11) shows the results of the effect test.

Table (11): The effect of a fair value standard according to the comprehensive Income scale in the Earnings quality in light of the financial crises

Variables	(β_0)	(β)	(T) (Sig)	(F) (Sig)	(R^2)	Adjusted (R^2)
fair value according to the comprehensive Income	-0.186	0.269	2.268 (0.026)	6.736 (0.000)	0.180	0.153
financial crises		0.136	3.054 (0.003)			
fair value according to the comprehensive Income and financial crises		0.260	1.794 (0.076)			

Source: Table is prepared by researcher depend on (SPSS).

From Table (11) notes the following:

1. The regression equation model is proven because value of (F) was significant, F value was (0.000) which less than (0.05%), which means that there is possibility to estimate the levels of earnings quality in terms of fair value according to the comprehensive Income and financial crises as an interactive variable, this indicates the validity of the model.
2. significant of (T) value, it was less than (0.05%), which means there is a significant effect of fair value according to the comprehensive Income and financial crises as an interactive variable in earnings quality.
3. The value of the coefficient of determination (Adjusted R2) of (0.153), indicates that the fair value and financial crises as an interactive variable explains (15.3%) of the changes that occur in the levels of earnings quality.

Results above indicate the acceptance of the H4b hypothesis.

6. Conclusion

1. There is a positive relationship between the fair value according to a standard (IFRS 13) and the accounting earnings quality, whenever a bank sector was committed for applying of international Financial Reporting standards, including a standard (13 IFRS) that lead to increase relevance, reliability, confirmability, comparability information.
2. The positive relationship between the fair value according to a standard (IFRS 13) and accounting earnings quality has increased in light of the Covid-19 crisis, this may be due to work in the bank sector to measure and disclosure according to the fair value to reduce the shock and increase the user confidence in financial information.

3. There is an effect of fair value standard (IFRS 13) on accounting earnings quality, because significant of value of (T) and (F) of was lower than (5%) as shown in third hypothesis.
4. The effect of the fair value standard (IFRS 13) on the earnings quality is varies in light of financial crises in Iraqi banks, the effect increase in 2020-2021 when crisis of Covid-19 occurred.

7. Recommendation

1. The necessity of increasing the user's awareness of the financial reports in Iraqi banks for international financial reporting standards, including the (IFRS 13), because it is lead to increase adequate and presenting information to reflect the actual reality.
2. The necessity to do studies and pay attention to the accounting earnings quality and study the factors affecting it, because this reflects a positive image of banks and attracts investors.
3. The bank sector must be ready to face financial crisis because they may occur any time without warning, when the banking sector is strong, the government situation will be better to face crisis.

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