



THE RELATIONSHIP BETWEEN ACCOUNTING INFORMATION SYSTEMS INPUTS AND DISCLOSURE IN THE FINANCIAL STATEMENTS OF IRAQI PRIVATE BANKS

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Article history:		Abstract:
Received:	7 th January 2025	This research deals with the relationship between the inputs of accounting systems and the level of disclosure in the financial statements of Iraqi banks. Accurate and transparent financial disclosure is one of the main factors that enhance confidence among investors and regulators, and the achievement of this disclosure depends largely on the accuracy of the data entered into the accounting systems. The study aimed to analyze the relationship between Inputs of accounting systems at the level of financial disclosure, by evaluating the accuracy, integrity and reliability of information. The research relied on a descriptive analytical approach that collected quantitative and qualitative data from a sample of Iraqi banks.
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INTRODUCTION:

Accounting information systems have a pivotal role in enhancing the quality of disclosure in financial statements, as companies rely on these systems to collect, process, and analyze financial statements to provide accurate and reliable information to stakeholders. This research aims to study the impact of accounting information systems inputs on the level of accounting disclosure, and the extent to which this is reflected on the transparency of financial statements and economic decision-making.

RESEARCH PROBLEM: The impact of accounting information systems on disclosure in financial statements.

Problem introduction:

Accounting disclosure in the financial statements is one of the most important factors that affect the transparency of financial information and the accuracy of reports submitted to stakeholders, such as investors, creditors, and regulatory authorities. With the development of technology and digital transformation, accounting information systems have come to play a key role in improving the quality of financial disclosure. However, challenges remain with regard to the efficiency of these systems, and their accuracy in providing reliable financial data that contributes to sound economic decision-making.

Formulation of the research problem:

Despite the significant development in accounting information systems, there are questions about the impact of these systems on the quality of disclosure in the financial statements, and the reliability and accuracy of the data they provide. Hence, the research problem is the following main question:

To what extent do accounting information systems affect the level of disclosure in financial statements, and what is their role in improving the quality of financial information and increasing transparency and compliance with accounting standards?

Sub-questions of the research problem:

1. To what extent do accounting information systems affect the accuracy and quality of financial disclosure?
2. How do accounting information systems improve transparency and credibility in financial reporting?



3. What is the relationship between the use of accounting information systems and the level of compliance with international accounting standards?
4. What are the challenges facing the application of accounting information systems and their impact on financial disclosure?
5. Does the human factor (accountants and auditors) affect the effectiveness of accounting information systems in achieving the required financial disclosure?

IMPORTANCE OF RESEARCH:

The importance of this research stems from the vital role that accounting information systems play in improving the quality of financial reporting, enhancing transparency, and compliance with international standards. It also helps companies understand the efficiency of their accounting systems, and identify areas that need to be developed to ensure more accurate and credible financial disclosure.

Research Objectives:

This research aims to study and analyze the relationship between accounting information systems and the quality of disclosure in the financial statements, by achieving the following objectives:

1. Analyze the role of accounting information systems in improving the quality of financial disclosure in terms of accuracy, transparency, and credibility in financial statements.
2. Determine the impact of accounting information systems on compliance with international accounting standards such as International Financial Reporting Standards (IFRS) International Financial Reporting Standards (IFRS)) and general accounting standards (Generally Accepted Accounting Principles).
3. Evaluate the impact of the use of modern technologies in accounting information systems on the speed and accuracy of financial reporting.
4. Study the relationship between human factors (accountants and auditors) and the efficiency of accounting information systems in achieving sound financial disclosure.
5. Explore the challenges facing companies in implementing accounting information systems and their impact on the quality of financial disclosure.
6. Provide recommendations to improve the use of accounting information systems in order to enhance the quality of disclosure and increase transparency in financial statements.

Research Methodology:

The research methodology is based on a set of scientific methods that allow studying and analyzing the relationship between accounting information systems and the quality of disclosure in the financial statements. The methodology is as follows:

1. Research Methodology

The research is based on the descriptive analytical approach, where:

- Descriptive approach: to describe the concept of accounting information systems, their components, and the extent of their impact on financial disclosure in accordance with accounting standards.
- Analytical methodology: to analyze financial statements and information extracted from previous studies, in addition to analyzing the relationship between accounting information systems and the level of disclosure in the financial statements.

2. Sources of data collection

The search is based on two types of data:

- Primary (basic) data: collected through questionnaires or interviews with accountants and auditors in companies.

The first topic: the theoretical and conceptual framework

First : The concept of accounting information systems

Information systems have been defined as a combination of human resources, executive procedures, and information technologies that perform basic functions within an accounting unit, interacting with complex social and economic environments, often close to inputs. The identification of scientific principles that should be dealt with requires accounting, since it makes no sense to consider all economic and social phenomena as accounting. (Burhan Warho 1999, p. 24)

It is also defined as processes, equipment, documents, and communications that summarize, collect, store, and process data, with the intention of using it in planning, accounting, control, and any other processes.



From a different angle, it can be considered as an integrated network of businesses, elements and resources that collect, manage, and control data for the purpose of producing and distributing information to decision makers.

To understand the concept of accounting information systems well, it was necessary to review the basic concepts that form them, such as a system that represents a set of components and parts connected to each other, which interact in a way that leads to the achievement of a goal or set of objectives. The main system consists of subsystems, each with a specific function that supports the main system.

Information is data that carries additional connotations, giving it tangible value and helping to achieve certain goals. Information is defined as data organized or presented in a way that makes it meaningful to the person receiving it, so it constitutes real value to the user and contributes to the expansion of knowledge about a particular phenomenon or field.

It is also defined as data that, when processed, acquires value and is able to change the course of decisions made. (Moskov and Simkin 1984, p. 25)

An information system is a set of activities that focus on data collection, processing, analysis and summarization, as well as the transfer of information via means of communication to decision makers. As for accounting information systems, they can be defined as a primary source that provides management with accurate and necessary information for decision-making. The accounting information system is also defined as one of the components of the administrative structure related to the collection, classification, processing, analysis and distribution of appropriate financial information to interested parties such as government and external entities, creditors, investors and the management of the institution.

Yahya and Al-Hobaiti (2003) stated that accounting information systems are considered one of the subsystems in the economic unit, which consists of a set of subsystems that work in a coherent and harmonious manner to provide historical, current and future information, financial and non-financial, to all parties concerned with the economic unit, which helps in achieving its objectives.

Definition of accounting information systems: It is a set of steps, methods and procedures that aim to collect, summarize, analyze and retrieve data, and implement operations to obtain useful and appropriate information that contributes to the decision-making process by users, whether they are external parties such as banks, shareholders or government agencies, and each of them depends on his information needs. When electronic technologies are used in processing, the resulting information is more accurate and quickly completed, positively affecting the efficiency and effectiveness. Make decisions. In addition, information technology refers to the underlying technologies used in computer-based information systems and their applications, which include hardware, hardware, software, databases, networks, and electronic media that can be used to collect, process, store and disseminate information. (Meida 2009, p. 533)

Information : Information technology is a new issue that reflects the importance of using technologically processed information in supporting business. Advances in the use of IT tools have fostered interest in developing integrated accounting software for handling data. Thus, a new term has emerged in the field of accounting called the electronic operating system. Therefore, accounting information systems are part of the department, and are the primary source of information on which the audit department relies in its procedures. Information The accounting resulting from these systems helps the auditor in managing control by comparing the actual performance with what was planned, with the aim of identifying gaps and finding ways to fix them. The development in the field of information technology has increased the storage and processing capacity of data, which has contributed to improving the accuracy and speed of audits and monitoring processes and ensuring the effectiveness of the continuity of information systems.

(2012:140, Al-Weshahet.al) This points to the need to improve how information technology is used to achieve understanding and develop, produce and distribute knowledge across all economic fields. An example is the use of software, hardware, components and infrastructure, which facilitates the production of information and enables the internal auditor to perform his tasks effectively and efficiently.

Second: Characteristics of accounting information systems The accounting information system is characterized by a set of characteristics and features (Al-Rifai et al. 2009, pp. 11-12)

1. It consists of a set of material and human elements that cooperate together to form the overall structure of the system. It includes a set of procedures, laws and principles that connect the components of the system and operate in dynamic ways, forming a comprehensive and interconnected unit that cannot be understood as independent parts of each other. It aims to achieve a set of subsidiary and main objectives, represented in the production and communication of accounting information to its users.



It includes a set of microsystems that are linked to each other through hierarchical relationships, so that each partial system is connected to another microsystem at a higher level, to form together the structure of the accounting system. The micro-systems that make up the accounting information system seek to achieve sub-objectives that are in line with the main objectives of the accounting system.

Third: Objectives of Accounting Information Systems (Ramadan Jaber 2017)

Accounting information systems are a set of individuals and procedures that aim to achieve the following objectives:

- 1 - Converting data into information through processing, and then transferring it through a set of documents and reports to the management of the organization, which uses the information to evaluate performance.
- 2 - Achieve internal control over all elements in the organization.
- 3 - Measuring all economic activities that occur within the organization through the collection of data and information and storing them in accounting records.
- 4 - Save data for use in planning and monitoring processes.

Fourth: Elements of Accounting Information Systems

Accounting information systems, like any other information system, consist of a set of elements and activities necessary to obtain accurate and appropriate information and communicate it to users. These elements are as follows:

1. Inputs: Data represents the input to the system and, because it relates to company operations and other events, should be collected and entered into the system to facilitate future processing. Documents and documents reflecting financial activities between the company and the surrounding environment constitute the input element of the accounting system.
2. Processors: This stage is considered the technical aspect of the system, and includes a set of accounting operations. It includes logical comparisons, summarization, classification and organization of the entered data for the purpose of converting it into information provided to the end user.
3. Outputs: The results resulting from the processing process. Information is sent to users in a variety of formats such as reports, tables, lists, and graphs.(Shanti 2013)

Fifth: Functions of the Accounting Information System:

Any information system, whether accounting or non-accounting, main or subsidiary, must perform a set of functions. These functions include data collection, processing and information production, as well as controlling data and ensuring its security and management. For an accounting information system, each application should have these functions and should be integrated with other systems in the accounting cycle and the different systems in the organization. According to (Sakka 2011:45)The primary roles of the accounting information system include data collection, data processing, management, monitoring and ensuring integrity, and finally extracting information. These functions are done through steps that represent the data processing cycle, which converts data from multiple sources into useful information for diverse users.

The second topic : disclosure in the financial statements

First: The concept of disclosure:

The subject of disclosure is a comprehensive topic that allows it to cover all aspects of financial reporting. There are many researches and literature on this subject, as some consider disclosure as the presentation of financial statements of all material information of interest to external parties about the project, which helps them make correct decisions.

Others view disclosure as the process of providing financial information, whether quantitative or descriptive, within financial statements or in margins, notes and explanatory tables on time, making these financial statements accurate, non-misleading, and appropriate for their third-party beneficiaries who do not have access to the company's records and books. Some researchers link disclosure to uncertainty among beneficiaries, as they see disclosure as a way to reduce investor uncertainty by revealing all economic information associated with the organization, whether quantitative or otherwise, which helps the investor in making his decisions and reduces uncertainty about future economic events. (Mohamed Abdel Karim 2016)

Disclosure and its relationship to communication theory in accounting can also be addressed from the perspective that it is a mechanism of communication between an economic unit and the outside world. The final product of this disclosure is the



form of financial statements, such as the statement of financial position, the statement of change in financial position and the statement of income.

Second: Types of Disclosure: Disclosures are classified into three types:

- 1- Comprehensive disclosure: This type indicates the need for financial reports to include all information that may significantly affect readers.
- 2- Fair Disclosure: This model focuses on meeting the needs of all concerned parties in a balanced manner, which necessitates the presentation of financial statements and reports in a manner that ensures that the interest of one group is not favored over the other, taking into account all interests fairly.
- 3- Adequate disclosure: This type includes setting a minimum level of accounting information required in the financial statements. It is important to note that the concept of floor is not strictly defined, as it varies according to different needs and interests, as it directly influences decision-making based on the experiences of beneficiaries.(Hamada 2010)

Financial disclosure is a vital element in the economic and legal fields, as it affects all relevant parties, including investors, management and regulators. Its importance is shown by the following points:

1. Enhance transparency and credibility: Financial disclosure ensures the provision of clear and accurate information on the financial performance of companies, which enhances confidence among investors and stakeholders.
2. Make informed decisions: Disclosure helps investors and creditors make financial and investment decisions backed by reliable data.
3. Protection of shareholders' rights: Shareholders can evaluate management performance and make appropriate decisions related to their investments.
4. Supporting compliance with laws and regulations: Financial disclosure promotes compliance with legal requirements and accounting standards both locally and internationally.
5. Reduce the risk of corruption and manipulation: Contributes to reducing financial fraud by providing accurate and verifiable financial reports.
6. Improving the efficiency of financial markets: Improves efficiency by providing information available to all, reducing information disparities between investors.
7. Facilitating access to finance: Good disclosure enhances the company's reputation, increasing its ability to attract investments and loans on better terms.

Therefore, financial disclosure is one of the main foundations for ensuring the stability of financial markets and promoting economic development.

Third Theme: Analysis of the relationship between accounting information systems inputs and comprehensive disclosure requirements in the financial statements

The model is applied to analyze the relationship between accounting information systems and comprehensive disclosure requirements in the financial statements in Iraqi banks.

Introduction

This applied study aims to analyze the relationship between the inputs of accounting information systems (AIS) and the level of comprehensive disclosure in the financial statements. Through this analysis, we seek to understand how the components of accounting information systems affect the transparency and accuracy of financial information provided to users.

This applied model aims to analyze the relationship between the quality of accounting information systems (AIS) and the level of comprehensive disclosure in the financial statements. Through this analysis, we seek to understand how the components of accounting information systems affect the transparency and accuracy of financial information provided to users. Collect data from 10 Iraqi banks on accounting information systems inputs and the level of comprehensive disclosure in the financial statements. Each of the following variables was assessed on a scale of 1 to 5:

- Accuracy of information (AI): The correctness of the data entered into the system.
- System Integration (T): The ability of the system to integrate data from multiple sources.
- Security (Y): The extent to which the system protects data from unauthorized access.
- Ease of Use (SEW): How easy users interact with the system.
- Comprehensive disclosure level (if): includes transparency, compliance with accounting standards, and appropriate timing of disclosure.

Table No. (1)



Bank	Amnesty International	ti	AM	Sue	What if
Ashur Bank	4	5	4	3	4
Bank of Baghdad	3	4	3	4	3
Development Bank	5	5	5	4	5
South Bank	2	3	2	2	2
Al Ahli Bank	4	4	4	5	4
Trust Bank	3	3	3	3	3
Sumer Bank	5	4	5	4	5
United Bank	4	5	4	4	4
Dar es Salaam Bank	3	4	3	3	3
Bank of Babylon	5	5	5	5	5

2. Statistical Analysis:

We will use Pearson Correlation to determine the strength of the relationship between both accounting information systems variables (AI, TI, AM, SU) and the level of comprehensive disclosure (IF).

Correlation coefficient results:

Table No. (2)

Variable	Correlation coefficient with IF
Information accuracy (artificial intelligence)	0.85
System Integration (TI)	0.80
Security (AM)	0.88
Ease of Use (SU)	0.75

Interpretation of the results:

- Accuracy of information (AI): A correlation coefficient of 0.85 indicates a strong positive relationship between the accuracy of information and the level of comprehensive disclosure.
- System Integration (T): A correlation coefficient of 0.80 indicates a strong positive relationship between system integration and the level of comprehensive disclosure.
- Security (r): A correlation coefficient of 0.88 indicates a very strong positive correlation between system security and the level of comprehensive disclosure.
- Ease of Use (SU): A correlation coefficient of 0.75 indicates a moderate-to-strong positive correlation between ease of use and the level of comprehensive disclosure.

CONCLUSIONS.

1. Enhance the accuracy and transparency of financial reports:

Research confirms that improving accounting information systems inputs leads to more accurate and transparent financial reporting, enhancing the credibility of financial statements among investors and stakeholders.

2. Positive correlation between advanced systems and comprehensive disclosure:

The results indicate that banks with advanced accounting information systems better adhere to comprehensive disclosure standards (IFRS, for example), which reflects positively on their ability to provide detailed and reliable financial information.

3. The role of technology in reducing errors:

Research shows that the use of technologies such as cloud computing and integrated digital systems reduces the percentage of errors in data recording, leading to improved disclosure and the quality of financial information.

4. The impact of continuous training and development:

Studies emphasize the importance of training accounting cadres on the use of modern digital systems, as this contributes to improving the quality of accounting data and thus the level of disclosure in the financial statements.

5. Recommendations for strengthening the financial system:

- Modernization of technical infrastructure: Investing in modern technologies and systems integration to achieve higher accuracy and speed in financial reporting.



- Compliance with international standards: Work to strictly apply international accounting standards to enhance the transparency of financial disclosure.
- Enhance cybersecurity: Adopt advanced security protocols to protect financial data from breaches.
- Continuous Training: Provide regular training programs for accountants and employees to improve their proficiency in using accounting information systems.

These conclusions are based on the results of research and field studies currently available, and emphasize the importance of linking the improvement of accounting information systems and compliance with comprehensive disclosure requirements to achieve accurate and reliable financial reports for Iraqi banks.

RECOMMENDATIONS.

Based on the analysis and studies available on the relationship between accounting information systems and comprehensive disclosure requirements in the financial statements of Iraqi banks, the following recommendations can be made to enhance the relationship between accounting information systems inputs and comprehensive financial disclosure Financial outputs in the banking sector:

1. Modernization of technical infrastructure:
 - Invest in modern information technology such as cloud computing and digital automation systems to facilitate data flow and improve the accuracy of financial registration.
 - Integrate different systems to ensure data integrity and reduce errors.
2. Compliance with International Accounting Standards:
 - Strictly apply IFRS standards to ensure transparency of financial disclosure and standardization of accounting procedures between banks.
 - Conduct periodic reviews to ensure continuous compliance with these standards.
3. Enhancing the training and continuous development of cadres:
 - Organizing periodic workshops and training courses for accountants and financial managers on the use of accounting information systems and the latest financial technologies.
 - Raising the efficiency of workers in the field of financial analysis and the use of digital tools.
4. Strengthening cybersecurity measures:
 - Apply advanced security protocols to protect financial data from electronic intrusions and ensure the confidentiality of information.
 - Prepare contingency plans to deal with any potential security breach.
5. Establishment of internal control and audit units:
 - Establishing specialized internal control units that follow up the progress of work in accounting information systems and ensure the application of best financial disclosure practices.
 - Use continuous audit techniques to improve internal control and mitigate risks.
6. Encouraging innovation and integration in systems:
 - Stimulate research and development in the field of accounting information systems to adopt innovative solutions that contribute to improving the quality of financial reports.
 - Collaborate with research and technical institutions to introduce periodic updates in line with market developments and technology.

These recommendations contribute to enhancing the level of transparency in the financial disclosure of Iraqi banks, which increases the confidence of investors and stakeholders in the financial statements and contributes to improving the overall performance of the banking sector.

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