

The Extent of Commitment of Iraqi Commercial Banks to The Disclosure and Transparency Requirements of Corporate Governance Principles Issued by The Central Bank of Iraq.

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Abstract

The main aim of this research is to examine the commitment of Iraqi commercial banks to the corporate governance (CG) manual issued by the central bank of Iraq. The focus is on disclosure and transparency which is one of the main principles of good corporate governance. In 2018 and aligned with international standards, such as BCBS; IFC; OECD; AAOIFI and IFSB, the central bank of Iraq issued a Corporate Governance manual. The manual reflects the interest of the central bank in promoting the practices of CG in general and disclosure and transparency, in particular, to ensure that reliable information is adequately provided and equally accessible to all stakeholders. The research also aims to investigate the influence of the central bank in ensuring the application of the manual. This research adopted a quantitative approach to collect the data. To achieve these goals, data were collected based on a secondary source (CG manual) in addition to a questionnaire that was distributed to several commercial banks in Iraq that apply the CG manual. SPSS was used to analyse the data collected focusing on the Mean and Standard deviation. The results reveal that the central bank encourages commercial banks to develop their manual based on the CG manual set by the central bank.

Keywords

Disclosure And Transparency, Corporate Governance, Commitment, Iraqi Commercial Banks

To cite this article: Ardiny, T, A, H.; and Alyamoor, A, H. (2021) The Extent of Commitment of Iraqi Commercial Banks to The Disclosure and Transparency Requirements of Corporate Governance Principles Issued by The Central Bank of Iraq. *Review of International Geographical Education (RIGEO)*, 11(4), 92-106. doi: 10.33403/rigeo. 800627

Submitted: 20-03-2021 • **Revised:** 15-03-2021 • **Accepted:** 25-05-2021

Introduction

The central bank of Iraq has embarked on its strategies for the years 2016-2020 to develop and reinforce the financial sector and its institutions. Its main priorities were to develop a model of corporate governance (CG) suitable for the Iraqi legal and corporate environment and foster the practices of disclosure and transparency. In 2018, a manual of corporate governance for Iraqi banks was set by the central bank in cooperation with BCBS; IFC; OECD; AAOIFI and IFSB. The main objective was to monitor the Iraqi banks and provide guidance for financial disclosure and transparency and other practices. The primary objective of this research is to explore the extent of commercial banks' commitment to applying the governance manual issued by the central bank with a primary focus on the requirements of disclosure and transparency. The following questions are answered in the course of this research: are Iraqi commercial banks interested in implementing the corporate governance manual issued by the central bank? To what extent the central bank can contribute to supporting the disclosure and transparency practices of local commercial banks. The commercial banks participating in the research were only those that were compulsory for them to apply the CG manual. Government banks and other commercial banks were excluded from the research. The significance of the research emerges from the fact that it shows the strive of the central bank of Iraq in establishing the principles of CG in order to improve the financial and administrative performance of commercial banks. It also investigates the extent to which banks benefit from the CG manual which is considered the main official reference to setting and developing the principles of corporate governance in Iraqi commercial banks. The research is organised as follow: the next section will discuss the literature review and the hypothesis of research. The following section explains the CG manual adopted by the central bank and its role in fostering the CG in the Iraqi banks. Section four explains the research method and ends with the analysis.

The Literature Reviews and Hypothesis of Research

The Principles of Corporate Governance in The Banking Sector

Corporate governance is a multi-faceted concept that has been defined by various scholars and practitioners. Generally speaking, the concept of CG relies on the view of using this concept. For example, the narrow view concerns the rights of shareholders and the mechanism that should be followed to ensure that managers will act in their best interests (Ajala, Amuda, & Arulogun, 2012). It focuses on issues related to shareholder protection, management accounting and the popular principal-agency problems of economic theory (Nworji, Adebayo, & David, 2011). However, the broader view of CG is concerned not only with shareholders but also with all stockholders and reflects the modern organisations that are managed on behalf of different stakeholders (Bawaneh, 2011). Taking this approach, Ajala et al. (2012) define the CG in the banking sector as "the manner in which systems, procedures, process and practice of a bank are managed so as to allow positive relationships and the excise of power in the management of assets and resources with the aim of advancing shareholder' value and shareholders' satisfaction together with improved accountability". Based on this definition, CG should take into account a complex set of relationships, so companies are accountable to the whole society, future generations and natural world. , This approach considers the CG as a mechanism followed to protect the interests of shareholders and various other stakeholders including customers, suppliers, employees and society at large, to ensure full transparency and integrity in communication and to make available complete, accurate and clear disclosure to all concerned (Madhani, 2016). The Organisation for Economic Co-operation and Development (OECD) takes the broad approach and define the CG as "*Procedures and processes according to which an organization is directed and controlled*". The corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organisation – such as the board, managers, shareholders and other stakeholders – and lays down the rules and procedures for decision-making" (OECD, 2004). However, it is argued that the CG structure and principles in the banking and financial sector is different from those in the non-financial sectors. This is based on the view that no single model of corporate governance can be applied to all sectors, and that governance structure and principles applied to a specific sector should take into consideration the nature and dynamics of that sector (Alexander, 2004). A well-known international standard

the Basel Committee on Banking Supervision supports that effective corporate governance is critical to the proper functioning of the banking sector and the economy as a whole (Basel Committee on Banking Supervision, 2015). Banks play a crucial role in the economy by intermediating funds from savers and depositors to activities that support enterprises and help drive economic growth (Muranda, 2006). Unlike other firms in the non-financial sector, a mismanaged bank may lead to a bank run or collapse, which can cause the bank to fail on its various counterparty obligations to other financial institutions and provide liquidity to other sectors of the economy (Alexander, 2004). Moreover, the special nature of the banking sector requires not only a broader view of CG but also government intervention to restrain the behaviour of banking management because, the weakness of their governance can result in the transmission of problems across the banking sector and the economy as a whole (Ajala et al., 2012). The regulator plays a more active role in establishing standards and rules to make management practices in banks more accountable and efficient (Alexander, 2004).

As a regulator, the central bank of Iraq strives to maintain the stability of the financial system and monetary policy of the country (Central Bank of Iraq, 2016). Accordingly, it adopts a broad view of the CG and relies upon the OECD and Basel committee in defining the CG and determining its principles. In 2018, it issued the CG manual for commercial banks working in Iraq including 24 points divided into six divisions. The manual has been set inconsistent with international standards such as IFC, OECD, Basel committee, AAOIFI and IFSB (Central Bank of Iraq, 2018). In this vein, it is important to say that CG principles are not clearly defined as defined by international standards. However, it was divided into six sections as follows. The first section is related to the basis for an effective CG framework. This section emphasises the obligation of applying the principles by all Iraqi banks except the branches of foreign banks and the responsibility of banks to form a CG committee consistent with the minimum requirements of the central bank. The second section focuses on the Board of directors in terms of their role and function rights, numbers, qualifications, responsibilities, and their relation with executives. The third section focuses on Islamic banks and the role and responsibilities of the sharia supervisory board. In the fourth section, the guidance determines committees emerging from the board of directors including the Audit Committee, risk management committee, nomination and remuneration committee and Governance committee. It also determines the committee emerging from executive management including the credit committee, investment committee and information technology and communication committee. The fifth section relates to executive management. It deals with Selecting, compensating, monitoring and, when necessary, replacing key executives and their suitability. It also determines the board tasks and its policy and procedures to avoid any conflict between personal interest and the interest of the bank in addition to adopting rules of professional conduct. The last section focuses on the achievement of control and transparency through several subsections such as the relation between internal audit and the board, the election of the board with controller, stakeholders, Management of anti-money laundering and the financing of terrorism and disclosures and transparency and the rights of shareholders (Central Bank of Iraq, 2018). These principles are regarded as guidelines for commercial banks in Iraq to enhance their CG principles. The principles represent a consistent development in the central bank's long-standing effort to promote sound corporate governance practice for the banking sector and guide the actions of board members, senior managers, control function heads and supervisors of a diverse range of banks.

It is clear from the above discussion that The Iraqi central bank sets the basic pillars for establishing and applying the principle of CG in the commercial banks. The intention was to introduce legal, regulatory and supervisory developments to reduce the risk faced by Iraqi banks (Central Bank of Iraq, 2018). The guidance gives the banks the right to set and develop their guidance that must meets the minimum requirements of central bank's guidance. Each bank also must publish its guidance on its website and ensure that it is viewed by its employees and board member. However, it is unclear whether the CG manual of the central bank has really improved the regulatory mechanism. Thus, the first hypothesis of this research is:

H1 The CG manual issued by the central bank of Iraq has not improved the regulatory mechanism for CG in the Iraqi commercial banks.

Disclosure and Transparency in the Iraqi Commercial Banks

Reporting and disclosure are the most important tools that companies use to communicate with their stakeholders. Disclosure is a crucial element in ensuring the effective allocation of resources

in society and diminishing the information asymmetry between a company and its stakeholder (Adina & Ion, 2008). They are prominent features of international frameworks of CG. The principles of CG worldwide assert the necessity of the disclosure and transparency of corporate information and annual reports for investors and all market contributors. Indeed, the achievement of a satisfactory framework of CG has always been linked to implementing the principles of disclosure and transparency (Al-Kahtani, 2014). Disclosure as defined by Harymawan, Fadlillah, Nasih, and Paramitasari (2018) is "*providing the amount of information required for optimal operation of efficient capital markets*". It is seen as a channel whereby different user-groups can obtain valuable information related to the corporation. The major goal of disclosure and transparency under any corporate governance system is to enable all user groups, to obtain appropriate information about the corporation's financial situation (Al-Kahtani, 2014). The information disclosed actually can be released in various ways. It can be made for example in company annual reports which regarded as the major source of information used by various user-groups through statements or accompanying notes. Also, it can be made through ways such as interim reporting, letters to shareholders, and employee reports. However, not all of these ways are equally important for all user-groups. It is believed that the investors for example prefer mostly the income statement while bankers and creditors are more interested in cash flow statement and balance sheet. Other reports such as Audit reports, directors' reports, accounting policies, and historical summary are also weighted differently by the user-groups (Akhtaruddin, 2005). The disclosure of any financial and non-financial information can be categorized into mandatory disclosure and voluntary disclosure. Companies should take the initiative to disclose matters other than required in legislation, but which can assist the decision-making process by stakeholders (Harymawan et al., 2018). This research focuses on the mandatory one as required by the central bank of Iraq and thus it defines mandatory disclosure as the provision of a minimum amount of information required by the central bank of Iraq, laws and the accounting standards professional body to enable the group-users making appropriate decisions and facilitating evaluation of securities.

Disclosure and transparency are regarded as one of the main pillars of the CG manual issued by the central bank of Iraq. The CG manual of the central bank in its sixth section determines the responsibility of the banks' board in providing accurate and adequate financial information to their shareholders and stakeholders. For more details see for example (Corporate Governance Manual, 2015). The CG manual of the central bank emphasis that Iraqi commercial banks should disclose relevant and reliable information about all material matter related to their business such as financial position, performance, CG practices and risk. This of course aligns with the Basel committee recommendation for the bank in different countries to apply the disclosure and transparency section of the OECD principles (Basel Committee on Banking Supervision, 2015). As emphasised in the Basile committee, it is hard for shareholders and stakeholders to effectively monitor and properly hold the board and senior management accountable when there is no enough disclosure and transparency (Basel Committee on Banking Supervision, 2015). The Iraqi commercial banks thus mandated to release relevant information to comply with the law and regulation requirements posed by the central banks and with international accounting standards and principles issued by FASB. This of course in addition to any information disclosed by the banks themselves (voluntary disclosure) to solve the problems of asymmetry information between the principal (shareholders and stakeholders) and agent (the management). As we explained before, the central bank of Iraq indeed relies upon the OECD in its CG manual for banks. Iraqi commercial banks thus are required to disclose relevant and useful information that supports the key area of their corporate governance. This research concerns with the compliance of Iraqi commercial banks to the CG code of the central bank Thus, the second hypothesis of this research is:

H2 The Iraqi commercial banks have not complied adequately with the disclosure and transparency requirements of the central bank of Iraq.

The Role of The Central Bank of Iraq in Promoting the Disclosure and Transparency of Commercial Banks

Regulators in general aim to reduce the level of information asymmetry between managers and different user-groups of information such as analysts and investors by imposing minimum requirements for disclosure and transparency on companies (Cormier, Lapointe-Antunes, & Magnan, 2015). These requirements are ruled at national levels through a professional

organization such as accounting authorities' regulations or government authorities such as the central bank (Adina & Ion, 2008). In response to these requirements, companies tend to comply with the regulation by increasing their disclosure level in their annual reports. It is anticipated that a satisfactory level of disclosure will be achieved as a result of such regulatory intervention since corporations are likely to provide adequate industry-wide, comparative, and standardized information to comply with legal requirements (Cornier et al., 2015). In the banking sector, restrict disclosure practices are required more than non-financial corporations due to so much distress in the sector and thus represent a symptom of good CG mechanism (Iswaissi & Falahati, 2017; Nworji et al., 2011). In this aspect, Hoque, Islam, and Ahmed (2013) argue that regulators such as central banks in developing countries have become more anxious about the financial health and governance of the banking sector. Therefore, they interact with the banks for day-to-day operations through the legal and regulatory system and intervene in promoting disclosure practices as a mechanism of CG. According to La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1998) cite in (Udayasankar & Das, 2007) legal or regulatory system is a fundamental corporate governance mechanism and a basic determinant of how corporate finance and corporate governance will evolve. However, management's ultimate reaction is conditional upon the disclosure enhancing the information available to financial market participants, who can then take appropriate actions. The amount of detail provided by companies can vary considerably even though compliance with the minimum disclosure requirements is mandatory.

In our research, we are concerned with the intervention impact of the central bank of Iraq as the main regulator for the banking sector in the country on the level of disclosure practices of commercial banks in Iraq. The central bank of Iraq was established in 1947. It is a government organization that is responsible for monetary policy, issuance and management of the national currency and gold reserve, developing and monitoring the infrastructure of the local banking system including process and procedures and monitoring and determining the supply and demand of money flow (The central bank of Iraq 2016). As the main regulator of the banking sector in Iraq the central bank emphasis in its strategy on promoting transparency and disclosure practices of the commercial banks by issuing clear and effective working instructions to improve their disclosure practices (Central Bank of Iraq, 2018). Since 2018 the commercial banks in Iraq started implementing changes to enhance their CG policies and procedures based on the instruction of the central bank. However, it is unclear whether the intervention of the central bank of Iraq has indeed resulted in promoting their disclosure practices. Thus, the third hypothesis of this research is:

H3- The intervention of the central bank of Iraq do not play a role in promoting the transparency and disclosure practices of the commercial banks following the new regulation imposed.

Research Design and Method

The data for this research was based on a survey of Iraqi commercial banks that was conducted in 2020. The population consisted of Iraqi commercial banks that were 24 banks but excluding the state and foreign banks work in Iraq. 144 questionnaires are distributed to all these banks. A response rate of 72.9 per cent. The questionnaire is composed of 30 questions divided into two parts. The first part contains questions related to the personal information of participants. This information includes the current position, qualification, degree subject, and years of experience. The second part aims to test the research hypotheses and includes three main sections. The first one is related to the first hypothesis and covers (1-5) questions. To test the second hypothesis, the second section covers (6-20) questions while the third hypothesis is tested through the third section and covers (21-30) questions.

Participants And Sample Characteristics

Table 1 describes the sample of research based on their answer to the first part. It shows that 60% of our sample are at the senior level (Financial manager, internal control and audit manager, and executive director of accounting). The majority of these participants a Bachelor's degree (82.86 per cent) while those who held a master's degree and higher diploma were 17.14 per cent. All participant had an accounting and finance degree except one who was a statistician and 56.29 per cent have good experience (more than 16 years)

The percentage %	The number	Sample N=105	
22.85	24	Financial manager	The current position
11.42	12	Associate director	
20	21	internal control and audit manager	
17.15	18	and executive director of accounting managers	
28.58	30	managers	
100	105	N	
0	0	Diploma	certificate
82.86	87	graduate	
8.57	9	higher diploma	
8.57	9	Master degree	
100	105	N	
0	0	1-5 years	Years of experience
17.14	18	6-10 years	
28.57	30	11-15 years	
34.29	36	16-20 years	
20	21	More than 20 years	
100	105	Total sample	

Measurement Items and Analyses

To test the hypotheses of the research and answer its questions, the data were analysed using the Statistical Packages for Social Sciences (SPSS) program. Mean and standard deviation are analysed for each question within each section. The participants were asked to indicate their agreement on the statement addressing a three-point scale in all questions of the second part (1=disagree, 2 Neutral, 3 =agree). In this vein it is important to say that a three-point scale is perfectly adequate for this research and the increase to five or seven-point does not improve the reliability of the rating (Sekaran & Bougie, 2003). We use Cronbach's alpha coefficient (see table 2) to test the degree of reliability. The result of the reliability test shows high consistency (Cronbach's $\alpha = 0.978$ or 98%) and reflect the internal integrity of the questionnaire.

Table 2

Reliability Statistics

Cronbach's Alpha	N of Items
0.978	30

Findings And the Analysis of Results

The test shows that the Iraqi commercial banks have guidance that is highly consistent with the CG guidance issued by the central bank of Iraq. Table 2 present the mean scores, standard deviations, and the percentage of agreements for the participants' responses to the statements regarding the first hypotheses. It shows that the hypotheses, that The CG manual issued by the central bank of Iraq has improved the regulatory mechanism for CG in the Iraqi commercial banks are accepted. In the first statements, establishing the specific committee of CG in the banks, there was agreement by 79 per cent of our sample with a mean score (2.69). The percentage of agreement about statements 2 and 3, that each bank has its manual consistent with central bank manual was high (85.76 and 82.76) with a mean score of 2.66 and 2.54. Also, the answer that statements 4 and 5 are supported which means that banks disclose their manual on their websites based on the CG principle of the central bank and it is seen by all board members and staff. The mean score for statement 4 for example was 2.83 and the agreement of 88.67 per cent. Finally, Table 2 also shows that the standard deviation in this section was 0.456 and the mean score was 2.70, indicating high agreement between the sample regarding the establishment of CG's guidance by the Iraqi commercial banks.

Table 3

Descriptive Statistics for Testing the Hypothesis of The Existence of CG Guidance in The Iraqi Commercial Banks

No	Statements	agree	Neutral	Disagree	The mean score	The standard deviation	The percentage of agreement	The Trend
		Frequency	Frequency	Frequency				
		%	%	%				
1	The bank establishes a committee from the board called CG committee	72 68.57	33 31.43	0 0	2.69	0.471	79	Agree
2	The bank has its CG guidance used by the bank board	78 74.29	18 17.14	9 8.57	2.66	0.639	85.67	agree
3	The bank CG guidance is set based on the requirement of CG guidance issued by the central bank of Iraq	72 68.57	18 17.14	15 14.29	2.54	0.741	82.67	agree
4	The bank discloses its guidance on its website	87 82.86	18 17.14	0 0	2.83	0.382	88.67	agree
5	The bank CG guidance is seen by all employee and board member	84 80	21 20	0 0	2.80 2.70	0.406 0.456	86.67 84.67	agree
Total					2.70	0.456	84.67	agree

Table 4
Statistical Analysis of Participants Answers About the Extent of Iraqi Commercial Banks Commitment to The Disclosure and Transparency Requirements of CG Guidance Issued by The Central Bank of Iraq

No	Statements	agree	Neutral	Disagree	The mean score	The standard deviation	The percentage of agreement	The Trend
		Frequency	Frequency	Frequency				
		%	%	%				
6	The Disclosure of financial and non-financial information of interest to stakeholder	69 65.7	21 20	15 14.3	2.51	0.742	83.67	agree
7	The annual and quarterly basis reports include information that enables stakeholders to see the financial and operating results of the company	87 82.9	0 0	18 17.1	2.83	0.382	88.67	agree
8	The disclosure is done in Arabic and English languages	57 54.3	33 31.4	15 14.3	2.23	0.910	80	agree
9	The disclosure of organisational structure or chart	90 85.7	0 0	15 14.3	2.86	0.355	90.33	agree
10	The disclosure of tasks and responsibility of board committees	90 85.7	0 0	15 14.3	2.86	0.355	90.33	agree
11	The disclosure of bank commitment to the CG principles	75 71.4	15 14.3	15 14.3	2.57	0.703	85.67	agree
12	Preparing the Corporate Governance Report along with the annual report	75 71.4	12 11.4	18 17.1	2.60	0.694	84.67	agree
13	The disclosure includes details about board members including their qualifications	60 57.1	15 14.3	30 28.6	2.43	0.739	76.33	Neutral

14	Information on Risk management committee	90 85.7	0 0	15 14.3	2.86	0.355	90.33	agree
15	The disclosure of board meeting number and date, its committee, and the number of attendances of each member	60 57.1	15 14.3	30 28.6	2.43	0.739	76.33	Neutral
16	The disclosure of policies and performance relating to business ethics and details about board members and key executives	54 48.6	0 0	51 51.4	2.49	0.507	65.67	Neutral
17	Disclosure of information about the remuneration of board members and key executives	75 71.4	15 14.3	15 14.3	2.57	0.739	85.67	agree
18	The disclosure of the shareholder names who have 1 per cent or more and groups who have 5 per cent or more	60 57.1	12 11.4	33 31.4	2.46	0.700	75.33	Neutral
19	The disclosure of CG's structure, policies and codes	93 88.6	12 11.4	0 0	2.77	0.645	96.33	agree
20	The disclosure of bank sustainable policies	48 45.7	15 14.3	24 40	2.31	0.718	68.67	Neutral
	Total				2.58	0.565	82.67	agree

In terms of the second hypothesis that the Iraqi commercial banks have complied adequately with the disclosure and transparency requirements of the central bank of Iraq. The result show differences between banks about the information disclosed in their financial statements. Table 3 reveals the inconsistency of participants' answers about statements of 13,15,16,18, and 20. Statement 13 ('Disclosure should include details about board members, including their qualifications, the selection process, other company directorships and whether they are regarded as independent by the board'), and 15 ('The disclosure of board meeting number and date, its committee and the number of attendances of each member') scored 2.43 as a mean with 76.33 per cent. statements 18 ('The disclosure of the shareholders' names who have one per cent or more and groups who have five per cent or more of bank capital- 2.46), and statement 16 ('The disclosure of policies and performance relating to business ethics and details about board members and key executives''2.49). Statements 20 ('The disclosure of bank sustainable policies'') was the lowest rate mean with 2.31 and 68.67 per cent of agreement. Other statements scored a high percentage of agreement between the participants. Statement 19('The disclosure of CG's structure, policies and codes'') scored the highest percentage with 96.33 per cent. This was followed by statement 6 ('The Disclosure of financial and non-financial information of interest to stakeholder'') with 83.67 per cent. Finally, table 2 shows that the level of agreement for all sections was high with 82.67 per cent with a standard deviation of 0.565 and a mean score of 2.85. This leads us to say that the second hypothesis was rejected, although there was inconsistency in some statements between the participants. This means that the commercial banks in Iraq indeed have their guidance of CG that was set in alignment with the CG guidance of the central bank of Iraq. The last but not the least hypothesis in this research is the intervention of the central bank of Iraq plays a vital role in promoting the transparency and disclosure practices of the commercial banks following the new regulation imposed. The analysis showed in Table four indicate a high percentage of agreement between participants that the central bank of Iraq contributes significantly to applying CG principles in Iraqi commercial banks. The percentage of agreements for all statements between the participants was between 100 per cent and 92.33 per cent and the mean score between 3 and 2.77. This means the rejection of the hypothesis and the confirmation of the central role of the central bank in supporting CG principles of Iraqi commercial banks in general and the transparency and disclosure practice in particular. Table four shows that the central bank of Iraq obliges Iraqi commercial banks to apply the CG principles based on its guidance. The banks also are required to provide the central bank with information about board members, bodies of directors, and executives for them and their branches. Also, they are required to provide it with meeting minutes documented by the board of directors; board committees and their members, work procedures, and tasks in addition to invite it to attend the general shareholder's meetings for commercial banks. The analysis shows that the central bank works as a regulator and monitors any essential information regarding their work and committees. This includes the annual and semi-annual reports to ensure the provision of transparency and disclosure principles based on international standards, the central bank procedures, and other regulators. Besides, it includes ensuring that an annual report disclosed includes the CG report and its procedures followed by the commercial banks. Finally, the table shows that the standard deviation for this section is 0.245; the mean score is 2.90 and the percentage of agreement is 96.67 per cent and indicates that the central bank indeed supports the transparency and disclosure practices for the commercial bank in Iraq.

The Statistical Test of The Hypotheses

To determine the relationship between the transparency and disclosure practices adopted by the commercial banks and the CG guidance of the central bank of Iraq as an independent variable, in addition to the contribution of the central bank in supporting these practices, we use Spearman's rho. The result in table 5 reveals that the value of Spearman's rho (r) was between 0.617 and 0.845, while the value of P was 0.00 which is less than the level of statistical significance (0.05). The research therefore rejected the null hypotheses and accepted the alternative hypotheses. This indicates that there is a statistically significant relationship between the CG manual applied by Iraqi commercial banks with the guidance issued by the central bank of Iraq. That is there is commitment by the commercial banks with the disclosure and transparency requirements posed by the central bank of Iraq Where the value of Spearman's correlation coefficient r (0.845) and the level of statistical significance (0.00). Also, the result shows that the central bank of Iraq play a significant role in promoting the transparency and disclosure practices

of the commercial banks following the new regulation imposed where the value of r is 0.639 and p is 0.00.

Table 5
Sample Statistical Analyses About the Contribution of The Central Bank of Iraq in Supporting the Commercial Banks to Apply the CG and Transparency and Disclosure Principles

No	Statements	agree	Neutral	Disagree	The mean score	The standard deviation	The percentage of agreement	The Trend																																										
		Frequency	Frequency	Frequency																																														
		%	%	%																																														
21	Commercial banks must apply CG principles issued by the central bank of Iraq	105	0	0	3	0	100	agree																																										
		100	0	0					22	Commercial banks must provide information related to board members, bodies of directors, and executives for them and their branches	90	30	0	2.86	0.355	95.33	agree	85.7	14.3	0	23	the central bank is invited to attend the general shareholder's meetings for commercial banks	105	0	0	3	0	100	agree	100	0	0	24	The central bank is interested in any essential information related to commercial banks	90	15	0	2.86	0.355	95.33	agree	85.7	14.3	0	25	It is required for commercial banks to provide the central bank with meeting minutes documented by the board of directors	99	6	0	2.94
22	Commercial banks must provide information related to board members, bodies of directors, and executives for them and their branches	90	30	0	2.86	0.355	95.33	agree																																										
		85.7	14.3	0					23	the central bank is invited to attend the general shareholder's meetings for commercial banks	105	0	0	3	0	100	agree	100	0	0	24	The central bank is interested in any essential information related to commercial banks	90	15	0	2.86	0.355	95.33	agree	85.7	14.3	0	25	It is required for commercial banks to provide the central bank with meeting minutes documented by the board of directors	99	6	0	2.94	0.235	98	agree	94.3	5.7	0						
23	the central bank is invited to attend the general shareholder's meetings for commercial banks	105	0	0	3	0	100	agree																																										
		100	0	0					24	The central bank is interested in any essential information related to commercial banks	90	15	0	2.86	0.355	95.33	agree	85.7	14.3	0	25	It is required for commercial banks to provide the central bank with meeting minutes documented by the board of directors	99	6	0	2.94	0.235	98	agree	94.3	5.7	0																		
24	The central bank is interested in any essential information related to commercial banks	90	15	0	2.86	0.355	95.33	agree																																										
		85.7	14.3	0					25	It is required for commercial banks to provide the central bank with meeting minutes documented by the board of directors	99	6	0	2.94	0.235	98	agree	94.3	5.7	0																														
25	It is required for commercial banks to provide the central bank with meeting minutes documented by the board of directors	99	6	0	2.94	0.235	98	agree																																										
		94.3	5.7	0																																														

26	The central bank monitors the mechanisms and procedures, and member of committees related to the board of director	90 85.7	15 14.3	0 0	2.86	0.355	95.33	agree
27	The commercial banks are required to provide the central bank with all information about board committees and their members, work procedures, and tasks	93 88.6	12 11.4	0 0	2.89	0.322	96.33	agree
28	Ensure that an annual report disclosed includes the CG report and procedures followed by the commercial banks	90 85.7	15 14.3	0 0	2.86	0.355	95.33	agree
29	The central bank monitors the annual and semi-annual reports and ensures the provision of disclosure and transparency alignment with international standards, the central bank procedures, and other regulators	90 85.7	6 5.7	9 8.6	2.77	0.598	92.33	agree
30	The central bank has a right to refuse any person nominated to Sharia supervisory board in Islamic banks if they do not meet the condition explained in its CG guidance	105 100	0 0	0 0	3	0	100	agree
	Total				2.90	0.245	96.67	agree

Table 6
The Result of Correlation Coefficient

Spearman's rho		The establishment of CG guidance in Iraqi commercial banks	The extent of commitment of Iraqi commercial banks in the disclosure and transparency requirements based on the CG guidance issued by the central bank of Iraq	The extent of contribution of central bank of Iraq in supporting the disclosure and transparency practices of Iraqi commercial banks	total
The establishment of CG guidance in Iraqi commercial banks	Correlation Coefficient	1.000	.845**	.617**	.850**
	Sig. (2-tailed)	.	.000	.000	.000
	N	105	105	105	105
The extent of commitment of Iraqi commercial banks in the disclosure and transparency requirements based on the CG guidance issued by the central bank of Iraq	Correlation Coefficient	.845**	1.000	.639**	.998**
	Sig. (2-tailed)	.000	.	.000	.000
	N	105	105	105	105
The extent of contribution of central bank of Iraq in supporting the disclosure and transparency practices of Iraqi commercial banks	Correlation Coefficient	.617**	.639**	1.000	.640**
	Sig. (2-tailed)	.000	.000	.	.000
	N	105	105	105	105

** . Correlation is significant at the 0.01 level (2-tailed).

Conclusion

We examined the extent to which commercial banks in Iraq adhere to the requirements of the CG manual issued by the central bank of Iraq. We focused mainly on the commercial banks' response to the disclosure and transparency practices posed by the central bank in addition to the impact of its intervention in promoting their disclosure practices. The research shows that the commercial banks in Iraq had improved their CG practices in general and disclosure in particular in responding to their adherent to the CG and disclosure requirements of the central bank. The research also showed that as a regulator, the central bank plays a vital role in promoting the transparency and disclosure practices of commercial banks. This research adds to the CG disclosure literature in developing countries by examining the responding of commercial banks to the CG and disclosure requirements issued by the central bank. To our knowledge, this is the first research that explores the impact of central bank intervention on the Cg and disclosure practice after issuing the CG codes. The results support that the intervention of regulators and their governance mechanisms has a positive impact on the banks' governance mechanism and disclosure practices.

The result also provides evidence that commercial banks have disclosed more information in response to the new codes of CG. The results suggest that the failure of commercial banks to comply with the CG requirements of the central bank would undermine their response to disclose more detailed information. Therefore, it is significant to reinforce the regulatory regime to make sure that effective and reliable disclosure practices are applied by the banks and develop the information available to the different user groups. Further investigation of the CG and disclosure practices in another developing country would be useful to confirm our results. A cross-country investigation would fill the limitation of our research.

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