# TRANSPARENCY ACCORDING TO THE S&P500 INDICES AND ITS IMPLICATIONS FOR THE VALUE OF THE ENTERPRISE UNDER TOBIN'S Q MODEL AN APPLIED STUDY OF A SAMPLE OF IRAQI PRIVATE BANKS FOR THE PERIOD FROM 2016 TO 2021"

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## ABSTRACT

The current research aims to compare the models applied to the S&P500 indices locally and regionally, to test and analyze the relationship between the level of transparency of accounting disclosure and the value of commercial banks according to Tobin's Q model, for a sample of private commercial banks listed on the Iraq Stock Exchange. The transparency of disclosure was evaluated using the S&P500 indices, consisting of 98 requirements in the original scale, with indices of the same scale modified and reduced by the measurers.

To achieve the objectives of the research and test its hypotheses, the applied approach was used to evaluate the research variables in ten local commercial banks listed on the Iraq Stock Exchange, for the period (2016-2021). Statistically, the research hypotheses were tested and analyzed using SPSS[26]. After dumping the data into Excel.

The research reached a set of conclusions, the most important of which was the great disparity in the requirements of indicators. The majority of researchers relied on the S&P500 model used by the Saudi researcher (Abdul Rahman 2010), and the low level of transparency in the Iraqi private commercial banks, and the large number of them inflated in a way that is not consistent with the reality of the Iraqi economy.

**Keywords**: transparency, S&P500, Tobin's Q pattern.

## INTRODUCTION

The right to facilitate access to information is guaranteed by local and international laws. Iraq is one of those countries after it acceded to the 2004 UN Convention on Combating Corruption, and Law No. 35 of 08/12/2007 legislated this. (Iraqi Facts, 2007, Issue: 4047). As a result of the spread of misleading and fraud in the announced financial statements and the asymmetry in that information. This led to an increase in the demand for transparent financial reports. This prompted many international economic and professional organizations to issue many regulatory and indicative indicators in the field of transparency, including the S&P 500 indicators for transparency. However, its use in measurement was uneven (locally and in the Arab world) in

terms of the number of indicators and the requirements of the scale, so it became a matter of interest to research the experiences of others and verify the number of indicators used in the measurement and its results, as well as measuring the level of transparency in the research sample of ten private banks. Listed on the Iraq Stock Exchange, for the period (2016-2021). Therefore, the research problem is based on an applied aspect of the following main question: Is there a relationship and impact of transparency of disclosure according to the 500S&P indices on the value of commercial banks, the research sample?

The research aims to test the relationship between the transparency variable measured under the (S&P500) model in the value of the establishment measured according to (Tobin's Q) model, with the presence of the controlling variable, which is the size of the bank. The following regression model will be used to test the relationship between the two variables. In light of this, the following main research hypothesis was adopted: "There is a relationship and a statistically significant effect of the accounting information risks measured under the (S&P500) model and the value of the enterprise measured under the (Tobin's Q) model, in the presence of the controlling variable, the size of the bank" In this context, you have dealt with the subject of the research through four main axes, the first of which dealt with the methodological introduction, while the second dealt with the theoretical review of the research variables and its relationships in the light of previous studies, while the third axis dealt with the evaluation of the research variables and testing its hypotheses, while the last axis dealt with the most prominent conclusions and recommendations that were made reach it.

**First: Theoretical review in light of previous studies:**
**Local and Arabic Studies:**
1-Study (Al-Karawi, 2019) Master Thesis: Entitled, "Measurement by fair value to improve the transparency of financial reporting and its impact in supporting investment decisions." Study problem: Measurement by historical cost does not provide future (predictive) information except after an in-depth analysis. The study aims to activate the measurement at fair value to improve the level of transparency according to the (S&P500) indices. The sample of the study is the Iraqi private banks listed in the Iraq Stock Exchange, with a sample size consisting of two banks: the Bank of Baghdad and the Khaleej Commercial Bank. Its most important results are that measurement at fair value provides a lot of transparency compared to measurement at historical cost. Transparency is a means to achieve full disclosure and the goal of disclosure-related accounting standards.

2-A study (Farhood, 2019) published research: entitled "Reflection on the Level of Disclosure on the Accounting Information Relevant Using S&P Indicators" The degree of compliance with the (S&P500) indicators in light of the application of (IFRS) and how the transparency of disclosure is reflected in the value of accounting information, to achieve the appropriateness of the decision. The study aims to establish a relationship between corporate commitments to transparency and disclosure according to (S&P500) indicators. The research sample was Iraqi private banks listed on the Iraq Stock Exchange, with a sample size of 5 commercial banks for 5 years. And I concluded the following results: The research sample banks did not adhere to the full disclosure of information related to the (S&P500) indices, especially in the first years (2012, 2013, 2014), as a slight improvement in disclosure appeared due to the application of (IFRS).

3-A study (Abdul Rahman, 2010) published research entitled "Measuring the extent to which transparency and disclosure are achieved in the published financial reports of companies traded in the Saudi capital market." The problem of the study is embodied in the following question: What is the extent of availability and achievement of transparency and disclosure in the published reports of Saudi companies? The study aims to identify the availability of transparency and disclosure in Saudi joint stock companies. The sample of the study is the companies traded in the Saudi stock market, except the financial and insurance companies. Its most important results were the lack of transparency leading to an artificial rise in stock prices. And the general level of transparency in the Saudi market is considered to be at a good level.

4-A study (Al-Ardhi, 2021) published research titled "Transparency Index as an Introduction to Support Transparency of Financial Reports and Raise the Level of Shareholders' Protection in the Egyptian Capital Market - An Experimental Study." Of the financial performance and the level of shareholder protection in the Egyptian capital market index companies. The study aimed to support the level of transparency of financial reports by regulating voluntary disclosure using a proposed indicator of transparency and trying to determine the nature of the relationship between the level of transparency of the financial report and each of the financial performance and the level of shareholder protection in the Egyptian capital market. The average level of the transparency index reaches 62.2%, which is a low rate. He points out that Egyptian companies lack transparency. The average level of shareholder protection reaches 58%, which confirms the need to support the level of transparency and the level of shareholder protection through the application of the proposed indicator of transparency.

## Non-Arab Studies:

1- A study (Patel & Dallas, 2002) published research, which is one of the leading studies in the United States of America, entitled "Transparency and Disclosure: Overview of Methodology and Study Results United States." The research problem is that there is a need to measure the extent of transparency of disclosure in the declared financial statements, and the objective Among them is the measurement of transparency in the United States using the S&P500 indices. The research sample was 1500 companies included in Standard & Poor's Global 1200 index. The preliminary results of the study were that there are radical differences in the amount of disclosure between companies, according to regions and countries and within regions and countries. The United States (composite basis) and the United Kingdom show the highest levels of disclosure globally, with emerging markets comparable in Latin America and Asia - with some firms showing higher discretionary disclosure standards compared to domestic standards.

2- A study (Patel et al, 2013) published research entitled, "A study of the effects of financial reporting transparency on the Quality of earnings in companies listed in theTehran Stock Exchange". A study of the effect of transparency of financial reports on the quality of profits in companies listed on the Tehran Stock Exchange. For a sample of companies listed on the Tehran Stock Exchange, the study aims to examine the relationship between transparency in financial reports and the quality of profits and to provide useful information regarding the profitability of the company. The results of the research were shown by testing hypotheses. There is no relationship between the company's transparency between the financial

performance and the quality of the profits declared in the reports. The existence of a relationship for the transparency of the company between the board of directors and the quality of the declared profits, as the most important factor in predicting the quality of the profits is the transparency of the management members, and there is no relationship for the transparency of the company between the ownership structure and the quality of the declared profits.

3- A study (Banerjee et al, 2014) published research titled: "Do more transparency & disclosure necessarily enhance firm performance?" Does more transparency and disclosure necessarily enhance the company's performance? The research problem is embodied in the following question: Is there an effective relationship between the transparency of disclosure according to the (S&P500) indices, which enhances the company's performance under Tobin's Q measurement, for the Russian companies declared in the Russian financial market? The research aims to measure transparency using (S&P500) indices and the value of the enterprise under Tobin's Q model.

## Second: On the applied level:

1- Disclosure transparency was measured according to the original model of the S&P500 for the three main categories:
- Ownership structure and investor rights Financial transparency and disclosure of information-
- Structure and process of the board of directors and management
2- Finding the logarithm of total assets as a controlling variable. The drain size was chosen as a control variable to indicate its effect on the analysis results. The variable of the size of the bank is one of the variables affecting the test of the relationship between transparency and the value of the establishment, as the size of the bank has an impact on the extent of the bank's ability and commitment to the requirements of transparency in the degree of quality of financial reporting
3- Measurement of enterprise value using Tobin's Q equation

## Third: Applied study methodology and tools
The research deals with the following variables within the framework of the applied side:
1- The first main variable (independent): Transparency in light of the S&P500 indices: The level of transparency will be measured through the S&P500 indices, which is a digital measure for measuring the transparency of companies traded in the financial markets of Standard & Poors. It consists of three main categories, the first main category: relates to ownership and concentration of ownership, voting procedures, and shareholders meetings; It includes (28) indicators; The second main category: is financial transparency and disclosure of non-financial information: it includes indicators: concentration of work, presentation of accounting policies, details of accounting policies, subsidiaries and transactions with related parties, and information about auditors; It includes (35) indicators and the third main category: the structure of the board of directors, the training and rewards of board members, and compensation for implementation and evaluation; It also includes (35) indicators (Patel & Dallas, 2002: 19). The measurement

takes place in three stages: (1) at the level of sub-indicators, (2) at the level of the main categories, (3) at the level of the sample surveyed.

2- The controlling variable (the size of the bank) (BSIZE): Many variables have a modulating or controlling effect when evaluating the relationship between the variables of transparency, the risks of accounting information, and the value of the establishment, as the size of the bank has an important effect on meeting the requirements of transparency or in confronting and paying attention. The risks include a lack of quality accounting information or the impact on the enterprise's market value. Drainage size was chosen as a control variable to indicate its effect on the results. As large banks have large accounting variables such as large book value and large profits, so it is important to control the difference in the size of banks. The control variable will be measured by the normal logarithm of the total assets of the bank at the end of the year (Mohammadi, 2012) The second main (dependent) variable: is the value of the establishment under Tobin's Q equation.

$$\text{Tobin's Q} = \frac{\text{Market Value of Equity} + \text{Book Value of Assets} - \text{Book Value of Equity}}{\text{Book Value of Assets}}$$

Search Form
Based on the main variables of the research and in light of the main hypotheses of the research, the following research model was formulated
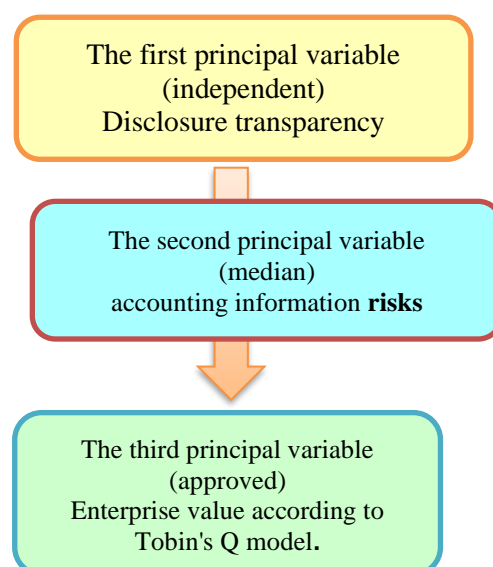


Source: prepared by the researcher
Fourth: S&P500 indicators for measuring transparency:
1- -The concept of transparency
The linguistic meaning of transparency refers to everything that is translucent and what is behind it appears, so it is transparent (Al-Munajjid, 1986: 394), so transparent matter is the

clear, glassy material that can be seen through (Al-Sakarna, 2011: 72). Some of the jurists believe that the legal basis for the principle of transparency is that it "has a philosophical basis represented by the theory of the social contract, which is a theory of constitutional origin, and its content is based on the fact that power is the source of the people" (Al-Ajili and Mandil, 2018: 213), according to the accounting perspective that it is "the characteristic of outputs accounting through financial reports with the highest level of quality of accounting information and the completeness of its qualitative characteristics, and that it leaves no ambiguity or suspicion among its users, and enables them to make decisions as if they see what is inside the company (Fathallah, 2014: 27).Transparency and disclosure are two main components of corporate governance companies, but they did not measure corporate governance, and were not interested in analyzing the detail and diagnosis required by governance (Patel & Dallas, 2002:5).

2- The evolution of the concept of transparency at Standard & Poor:

The S&P 500 was first published as a 500-share index of 500 companies in 1957. In July 2012 the S&P 500 joined the Dow Jones Indices, becoming the world's largest provider of financial market indices. Together, S&P Dow Jones Indices became the world's largest resource for fundamental concepts based on indices, data, and research. The Standard & Poor study on transparency and disclosure is the first and pioneering study that brought the scale into practice, and it was the basis on which the S&P transparency scale was built, which is a special assessment of several types of disclosure for more than 1,500 companies, to assess disclosure and transparency practices. 98 elements (indicators) of disclosure, classified into three broad categories: (Patel & Dallas, 2002: 3)

- Ownership structure and investor rights
- Financial transparency and disclosure of information
- Structure and work of the Board of Directors and Executive Management-.

However, the study focused specifically on the annual reports as a major source for corporate disclosure. We believe that the reason for this is due to the following considerations:

1- The annual report is the only method that is considered one of the most important reports prepared by companies.

2- The "annual report" is the focus of the disclosure index because the annual report is generally considered one of the most important sources of company information (Patel & Dallas, 2002: 7)

3- The annual report document is the main document and every other financial report is in some respects subordinate to it (Knutson, 1992:7).

4- Academic researchers have previously identified annual reports as the main communication tool available to companies (Botosan, 1997: 323)

5- Annual reports are a major source of information and great importance to the investor, and their accuracy of them gives greater reliability when disclosed (Al-Karawi, 2019: 101). One of its most important advantages is that it is possible to repeat the annual measurement of companies' disclosure levels according to the requirements of the scale for comparison purposes. The S&P study is based on the information disclosed in key public documents; It does not include all the different types of company disclosures that may exist (Patel & Dallas, 2002: 5) nor does it include the fair value measurement. In

addition, there is a growing focus on the conflicts of interest faced by external auditors who, on the one hand, act on behalf of the stakeholders in the audit process and, on the other hand, look to management to generate consulting fees (Patel & Dallas, 2002: 6).

### Fifth: The dialectical relationship between disclosure and transparenc

Many of the external parties benefiting from accounting information do not have the authority to access the necessary accounting information that suits their decision models. Therefore, one of the most important things that contribute to meeting their information needs is the availability of transparency in disclosure, which will make dealing in the financial market More justice (Ibrahim, 2012: 6). Since transparency provides equal opportunities for investors to obtain the necessary data for investment decisions, and since disclosure is one of the accounting principles, transparency is also one of the principles of governance, and it forms with disclosure one integrated concept. Transparency is the essence of corporate governance because there is a connection between that essence and the rest of the principles. As it is one of the main pillars that need to be available in data and information. As the information reflects the essential reality of the company, the transparency of financial reports means expressing the true economic essence of the company by providing information about the financial position and performance results (Wahbe, 2005: 22). Transparency can be content for governance and not be its essence, because the essence, the reality of a thing, is self-contained, defined by its essence, and is matched by presentation and representation (Madkour, 1983: 64), because it is more consistent from a philosophical point of view, as well as in terms of the significance of the meaning, as the essence corresponds to the presentation, while the content corresponds to the form. . Therefore, transparency and disclosure are an integral part of corporate governance, as high transparency and better disclosure reduce information asymmetry between company management and other stakeholders, which reduces agency problems (Patel et al., 2002: 326). And the examiner of this relationship between transparency and disclosure seems to him at first that there is difficulty in distinguishing between them, because of the interdependence and complementarity in functions and objectives, but he can distinguish between them through the following:

1- Form and content: Transparency is not a substitute for disclosure, but rather a means to achieve or reach full disclosure, and its relationship to disclosure is the relationship of form to content. Philosophically, the form "is something that has a form in which that thing appears (Latifi, 2018: 366), and every phenomenon has an emotional content, without which this phenomenon would not have occurred (Wahba, 1998: 645), so the form and the content are like the word and the meaning, and the content of the speech is its content and what is understood from it. There may be more than one form of the same content, and vice versa, as the levels of disclosure based on annual reports alone are considered a form that mostly depends on discretionary disclosure, which is the most diverse (Patel et al., 2002: 4). It must reflect a transparent and sufficient content for the presentation to be fair and faithfully representative of what the financial statements express, as the distorted truth means that there is a lack of conformity between the form presented and the real reality/essence (Al-Haddad, 29: 2019). "Transparency is ensured and guaranteed in the lists Finance through full disclosure by providing a fair

presentation of information that is useful and necessary for making economic decisions and to a wide range of users" (Lutfi, 2005: 282).

2- The end and the means: The relationship between disclosure and transparency can also be expressed through the relationship between the end and the means. The end is full disclosure, and Transparency is the means when it comes to achieving the process of accountability, through which full disclosure can be achieved. And since transparency is linked to the principle of accountability, it is not an end in itself, but rather a means to show facts and mistakes and hold negligent people accountable (Zyoud and Qatim, 2007: 11).

3- Availability, expansion, and access to information: Disclosure is an action that includes providing information to users, and the qualitative characteristics of information are appropriateness and honest representation. As for transparency, it arises when the information is clear and understandable with easy access to it from the beneficiary parties and dealers in the market (Clare et. 2005:612), while others believe that transparency is a broad provision of information about the company's performance, financial position, investment opportunities, achieved value, and risks. (Burcu et al., 2018: 321), and that it is related to access to information (Shaban & Nezhad, 2015:60).

4- Disclosure is an accounting requirement: Disclosure, as an accounting requirement, began as an accounting concept and became entrenched in it, and its rules and requirements are established through accounting standards, as is evident, for example, in the requirements of (IFRS). As for transparency, it began as a moral requirement intended to achieve justice and fairness for stakeholders, then interest in it increased and local and international legislation focused on it with the expansion of the phenomenon of administrative and financial corruption and the collapse of companies (United Nations Convention against Corruption No. 35 on 8/12/2007).

5- In terms of timing: Transparency appeared after disclosure as a result of the increasing emergence of economic and financial crises and cases of misleading and fraud. This led to the expansion of the demands of various parties, most notably investors, for transparent financial reports whose data allow them to express credibly and objectively the operations carried out by the company, enabling them to determine the risks and benefits involved in their investments. The emergence of recent accounting scandals has led to the loss of billions of market capitalization, which has led to many investors postponing their contracting plans, and in some cases led to investors losing most of their savings" (Ibrahim, 2012: 9).

6- From the legislative and regulatory perspective: Disclosure is linked to professional accounting organizations, while transparency is a right guaranteed by Qatari laws and international legislation as a human right, in addition to the interest of professional organizations in it.

**Sixth: Transparency indicators prepared by institutions and researchers:**

1- Transparency indicators prepared by professional organizations

a- CIFAR Indicators Model: This indicator was established at the Center for International Financial Analysis and Research in Warsaw / Poland in 1995 and consists of (7) main categories, including (85) indicators (requirement) (Anna, 2017: 157).

b- (VBR) Indicators Model: In 2002, the Value-Based Reporting (VBR) index was issued by the German Business Administration, and it consists of (4) main categories, including (378) indicators (requirements) ((Christine, 2017: 832.

c- The Disclosure Index (T&D Index) Transparency in 2002 was prepared at the initiative of (S & P) Standard & Poor's to provide transparent information aimed at supporting the applications of governance mechanisms, and it consists of (3) main categories, and the index includes (98 ) as an indicator (a requirement) (Patel & Dallas, 2002:1).

Dr. IDTRS Indicators Model: In 2003, it was issued under the title Information Disclosure and Transparency Ranking System (IDTRS) by the Institute for Financial Investments and the Future in Taiwan, and it is still used in the two stock exchanges, and it consists of (5) categories. major, which includes (378) indicators (requirement) (Chien et al., 2019: 721).

2- Transparency indicators prepared independently by researchers:

a- Study Indicators (2002) Banerjee, Masulis, Pal: This study was conducted on the Russian stock exchanges in 2002 and includes (108) indicators (requirements), and (6) main categories (Banerjee Suman, 2015: 55).

b- Bushman et al. (2004) study model of transparency: a study conducted at the Accounting Research Center at the University of Chicago in 2004, where it developed a conceptual framework consisting of (3) main categories, and includes (8) requirements (Bushman et al., 2004: 211).( .

c- Aksu, Kosedag (2006) Study Indicators: A study conducted in Turkey-Istanbul in 2006 based on the T&D Index prepared by Standard & Poor's, including (106) indicators (requirements), with (3) main categories.

d- Cheng, Collins, Huang (2006) Study Indicators: The study was published in the Review of Quantitative Finance and Accounting of Rutgers University / New Jersey Business School in 2006. It includes (32) indicators (demand) in (5) main categories (C. S. Agnes Cheng et al, 2006: 175).

e- Indicators of the study Akhtaruddin (2010), Hossain, Hossain, Yao: a study conducted in Malaysia in 2009 that was prepared on its own. The indicator consists of (74) indicators (requirements) in (9) main categories (Mohamed et al., 2009:1).

Indicators of the study Cheung, Jiang, Tan (2010): The study was conducted in the Chinese Stock Exchange to assess the transparency of 100 companies listed in it in 2010, and it includes (56) indicators (requirements), including 30 main requirements, and 26 sub-requirements, in (5) main categories. (Cheung et al., 2010: 259).

g- Indicators of the study Trang (2013), Phuong: The study was conducted in the Hochi Minh Stock Exchange in Vietnam in 2013. It relied on 3 pillars represented in governance, disclosure, and transparency indicators that were received, and it includes (94) indicators (requirement), in (7). major categories. (Trang et al., 2015: 117)

h- Indicators of a study (2017) Rezaee, Tuo: The study was conducted in the Chinese Stock Exchange to assess the transparency of 580 models of voluntary non-financial disclosure in

2017, to determine the transparency of non-financial information and it includes (66) indicators (requirements), in (2) two main categories (47). Zabihollah & Ling, 2017).

### Seventh: Comparison of the S&P500 indices models that were used

1- Standard & Poor Foundation Forms :In 1896 Charles Dow developed what is now known as the Dow Jones Industrial Average, and in 1923 he founded the Standard Statistics Company, the predecessor to S&P, which developed the first stock market indices, covering 233 companies. In 1926 the Standard Statistics Company launched the 90-share Price Index. The company's stock market index, developed in 1923, has grown from 233 to 416 companies. Fifteen years later, in 1941, Poor's Publishing merged with Standard Statistics to form Standard & Poor's. In 1957, the S & P500 index was published for the first time as an index representing 500 shares of 500 companies, and after another fifteen years in 1972, it became the first for the first time. A stock index published daily. In July 2012, S&P Indexes joined the Dow Jones Indexes to become the world's largest provider of financial market indices. After consolidation, S&P Dow Jones Indices collectively became the largest global resource of fundamental concepts based on indices, data, and research, and is home to popular financial market indices, such as the S&P500 and the Dow Jones Industrial Average. Since Charles Dow invented the first index, S&P DJI has created and developed indices across various asset classes that help define how investors measure and trade the markets. Finally (S&P Dow Jones Indices LLC), a joint venture between S&P Global (the controlling member), and the company CME Group Inc (the non-controlling member), as S&P Global provides basic information to individuals, companies, and governments to make reliable decisions, and is licensed to use S&P indices DJI, as well as the possibility of selling data. As a licensee, CME and its affiliates may issue, trade, and/or sponsor financial products linked to the performance of the S&P DJI Indexes (https://us.spindices.com/our-company/our-history)

Within the name of this indicator, there are classifications for other indicators that measure the performance of different companies, which can be presented in the following table

<div align="center">Table (1) S&P index ratings</div>

| Index | the content |
|---|---|
| Index (S&P500) | This index includes shares of 500 financial companies from banks and financial institutions in the United States of America. It was first published in 1957, and in 1972 it was published daily. The S&P reached its second all-time high on August 25, 2014, when it reached 2,000 points |
| Index (S&P600) | It is a measure of the stock index of small companies with capital ranging from three hundred million dollars to two billion dollars. This indicator was launched in 1994 |
| Index (S&P400) | It is a measure of the shares of companies whose average capital ranges from two billion to ten billion US dollars. Launched in 1991 by S&P, it is the first major index in the United States |
| Index (S&P1200) | :1999Standard & Poor launches the S&P Global 1200 Index, the world's first real-time investable index. The index includes: S&P 500, S&P Europe 350®, S&P / TOPIX 150, S&P / TSX 60, S&P / ASX 50, S&P Asia 50, S&P Latin America 40 |
| Index (S&P1500) | In 2004 Standard & Poor's converted the entire S&P 500, S&P MidCap400, and S&P SmallCap 600 to flotation, lowering the operating costs of benchmark-linked index funds and truly reflecting the world of investing. |

Source: Prepared by the researcher based on  https://us.spindices.com/our-company/our-history.

The Standard & Poor Study on Transparency and Disclosure is the first and pioneering study to bring the scale into practice and was the basis for the S&P Transparency Scale, a private assessment of several types of disclosure for more than 1,500 companies, to assess their disclosure and transparency (T&D) practices. The study identified 98 elements (indicators) of disclosure, classified into three general categories:
- Ownership structure and investor rights
- Financial transparency and disclosure of information
- Structure and work of the Board of Directors and Executive Management.

2- At the regional and local level: The (S&P500) scale has been applied in most countries of the world; It was also used in Iraq and its neighboring countries, and to identify information risks resulting from manipulation of the information requirements that were contained in the three main categories of the original model, regardless of the nature of the regimes and their political and economic orientations. In Table (2) below, the discrepancy in the number of requirements for the S&P500 scale for the models applied to selected countries was shown. Four local models, two Arab countries, and Turkey were chosen as regional countries, all of which are emerging countries and from the geographical neighborhood that used the (S&P500) scale for transparency.

Table (2) Variation in presenting S&P500 requirements and the percentage of lack of requirements used

| Iraq | | | | \Saudi Arabia | Egypt | Turkey | USA | |
|---|---|---|---|---|---|---|---|---|
| El Karawi 2019 | Al-Khafaji 2018 | Al-Jumaili 2016 | Al Fattehallah2014 | Abdul Rahman, 2010 | Al-Sadiq and Zakaria 2007 | AKSU 2006 | Patel & Dallas 2002 | models have been applied / main categories |
| 18 | 18 | 18 | 14 | 14 | 15 | 32 | 28 | Transparency of ownership and shareholder rights |
| 39 | 40 | 38 | 41 | 40 | 40 | 37 | 35 | Transparency of financial and non-financial information |
| 22 | 22 | 22 | 21 | 21 | 21 | 37 | 35 | Transparency of management and board of directors |
| 79 | 80 | 78 | 76 | 75 | 76 | 106 | 98 | Total Requirements (Indicators) |
| 19.39 | 18.37 | 20.41 | 22.45 | 23.47 | 22.45 | fulfilled | | The percentage of deficiency in requirements |

The use of the S&P500 transparency technology was successful in many countries to maintain its growth (Japan, South Africa, Malaysia, Turkey, etc.), as it succeeded in using it as a means to access appropriate information that investors and dealers benefit from in the money market, and it also contributed to increasing the efficiency and activity of enterprises. Transparency is

the cornerstone of transactions in the financial markets. As "transparency is the cornerstone of transactions in the financial markets, and it is a shift that the market lacks, as information is not available to everyone at the same level (Abdul-Rahman, 2010: 13). As the Arab and local model was not successful in adopting the researcher's model (Abdul-Rahman, 2010), which prevails over it. incompleteness and opacity of information, as well as the failure to verify the origin of the model prepared by the S&P500 Corporation, In the researcher's model (Abdul Rahman, 2010), the percentage of unused indicators was 23.47%, as only 75 indicators were adopted, and the percentage of non-users in the Egyptian application was 22.45% with 76 indicators, while the average percentage of non-users among Iraqi researchers was 20.15%, which is close to The Saudi model, with minor changes; As shown in Table (2), in other words, (23.47%) of the information is missing with the intent of the measures. It will represent information risks resulting from errors in the measurement used and the lack of objectivity of the measurer. The investor will accept and trust it, and therefore will adopt it as an indicator of his convictions in accepting a risk. investment in that facility. In theory; The volume and quantity of disclosure are mainly associated with a decrease in information asymmetry (David & Jose, 2014: 106). By looking at the Iraqi studies mentioned in the previous table (2), it is clear that most of the Iraqi research worked according to the Saudi model without referring to the original model of the S&P500. There is a clear focus and commitment in the second category: transparency of disclosure of financial information, which is explicit and clear information (to some extent). The focus of concealment and shortening was clear in two main categories: the first main category, ownership structure, and investor rights, and the third major category: the board of directors and executive management, as follows:

**The first category:** Ownership structure and investors' rights: Contains three main axes: Patel & Dallas, 2002: 18) Ownership transparency (description of share classes), ownership concentration (displaying types of shareholders), voting procedures, and shareholders' meeting (description of voting rights). As most of the Arab and Iraqi establishments (banks) are owned by the same business groups that often control the lending decisions of banks, in addition to the control of family members and relatives in senior executive positions and on boards of directors (directly or indirectly) and the rest does not enjoy Managers with authority regarding the use of free cash flows (Aksu & Kosedag, 2006: 14), and the support they receive from their partners in the executive authorities, through the exploitation of influence, nepotism and nepotism, and here it must be noted that there is a high demand for and presentation of information, and creditors (Banks) themselves provide information about the borrower (Jensen & Meckling, 1986: 305), This is especially true for companies that have a large amount of bank debt in their capital structure. The modern theories of financial intermediation focused on the role of banks in the production and transmission of information in the capital markets when there is the asymmetry in the information; It is assumed that banks have access to valuable information that may not be available to other market participants, either because of the cost advantages of information gathering or the intimacy with customers developed over time (Aksu & Kosedag, 2006: 15), as well as opacity. Investors and employees who own more than 10 percent of bank shares even though excessive focus on ownership increases agency costs and reduces firm value (Mark Lang et al., 2011: 4). The second category: The structure and work of the Board of Directors and Executive Management: It contains four main axes: (Patel & Dallas, 2002: 18),

the names of the members of the Board of Directors, the names of the Board of Directors committees, the names of the members of the audit committee, details of the wages and rewards of the members of the Board of Directors and compensation related to performance, Therefore, it is noticeable that this category, with its four axes, contains information risks in most establishments and most countries of the world, especially information extracted from annual reports, including the United States, the United Kingdom, Japan, and Arab countries, including Iraq. It is considered one of the areas of information risk and is classified as systemic risk. In the Arab and local models, all indicators related to performance compensation (implementation and evaluation) were omitted, and none was mentioned. The likely reason for concealing its information is that management (managers) has special information about current and future performance; They do not like to expand disclosure requirements because their interests conflict with the users of the reports, and the incentives of managers do not coincide with the interests of shareholders. The reluctance of managers to disclose private information leads to a monopoly cost, and thus puts the enterprise in a negative position (Nichita & Vulpoi, 2016: 544), Although US companies disclose more financial information in their annual reports than any other type of information, Standard & Poor's research findings indicate that there is an increasing focus on the conflicts of interest faced by external auditors acting, on the one hand, on behalf of Audit shareholders, on the other hand, look to management to generate advisory fees. Conflicts of Interest are detailed by Arthur Levitt, former SEC President September 30, 2002, in BusinessWeek, as well as the SEC's efforts to reduce the scope of advisory services provided by audit firms, and to improve disclosure of non-audit-related amounts paid to external auditors. Despite this inherent conflict of interest and the SEC's efforts to promote disclosure, the study found that most US companies did not disclose in their annual reports the amount paid as audit and non-audit fees to the external auditor (Patel & Dallas, 2002: 10). On the other hand, managers' bonuses are often linked to share value, as they have the upper hand in controlling earnings management. As well as not answering the indicator of how to select members of the Board of Directors. Managers express varying degrees of confidence when asked about the security of their information, and are often not clear about it (John, 2021, 1), Most of the Arab and Iraqi studies did not adhere to, and did not display the original model of the S&P500. Rather, they attached a copy of the model of the Saudi researcher (Abdul Rahman, 2010), who removed from his model all indicators related to performance and evaluation, with the addition of one or two indicators in the body of the study or its appendices. . So it was necessary to see a picture of the original benchmark of the S&P500. Reducing it by this amount means losing the measurement of information that is necessary for its disclosure; This caused an imbalance in the measurement and for the person conducting the measurement, and this means that more than 25% of the information was not subject to measurement if the unanswered paragraphs were added, and this will represent risks associated with information that is not available or unfamiliar with and access to it was not allowed, intentionally because of the person doing the measurement. by analogy and his diligence, which indicates his lack of objectivity and bias. On the other hand, the measurement lost the same percentage of its objectives in terms of transparency.

It is noted in Table (3) below the international results of transparency in selected countries. The United States of America is measuring transparency in two ways: the first is based on the

annual financial reports, and the second is the combined method with everything that is required to be disclosed. The highest positive percentage was for the United Kingdom and America (the combined method). ), as the degree of transparency for each of them reached 70%, although American companies provide more voluntary disclosures, in addition to the reinforcement forms that companies are required to use (such as 10-K, 10Q-, and 20-F) ( ) in their annual reports. The lowest level of transparency was in Latin America, at 31%. The transparency of disclosure of financial information is always higher in most countries than the disclosure of transparency of ownership, investor rights, or board of directors information. The differences are evident on a country basis; This is because local requirements and standards push disclosure patterns in the regions to be exclusive of private information (Patel & Dallas, 2002: 9), and, ironically, Japan is the last country to disclose about the transparency of the ownership structure of the board of directors. However, there is about 30% of the information has not been disclosed, and this lack represents an information gap that establishes asymmetry in information and poses related risks. As shown in Table (3) below:

Table (3) represents a selection of countries whose transparency was measured by the S&P500 indices

| Number of companies | Transparency of the ownership structure and the board of directors | Transparency of financial and non-financial information | Ownership structure and shareholder rights | public level | International markets |
|---|---|---|---|---|---|
| 500 | 31 | 66 | 25 | 42 | U.S. (annual report) |
| 500 | 78 | 77 | 52 | 70 | U.S. (combined) |
| 124 | 70 | 81 | 54 | 70 | The U.K. |
| 150 | 37 | 76 | 70 | 61 | Japan |
| 89 | 18 | 58 | 28 | 31 | Latin America |

Source: Patel, S, and Dallas, G **"Transparency and disclosure: Overview of Methodology and Study Results - United States"**, Governance Standard and Poor's, com, 2002

After the descriptive evaluation, the research turns to experimental tests for the relationship between the research variables using inferential statistical analysis tools. As the standard multiple regression will be used using the (SPSS26) program, the research hypothesis will be tested, where the multiple regression equation was employed to test the relationship between the transparency variable measured under the (S&P500) model in the value of the enterprise measured under the (Tobin's Q) model in the presence of the controlling variable size bank. The following regression model will be used to test the relationship between the two variables

$$EV_{it} \text{ (Tobin's Q)} = \beta_0 + \beta_1 TRA_{it} \text{ (S\&P}^{500}) + \beta_2 BSIZE_{it} + \varepsilon_{it}$$

$EV_{it}$: is the value of the firm measured under Tobin's Q model

$0\beta$ is the constant part of the regression equation

,$\beta 1$ $\beta 2$ coefficients of the independent variables

B SIZE: Bank size as a logarithm-scaled control variable of the bank's asset size at the end of the year.

TRA: Transparency is measured under the S&P500 pattern

εit: is the random error in the model.

As for the tools used to obtain data from the field of study, which is the commercial banks listed in the Iraq Stock Exchange, the reports of the Board of Directors and the annual financial reports of the research sample banks listed in the Iraq Stock Exchange were used for the period of the research) 2021-2011.( The local commercial banks were chosen as a sample for the research, and they were represented in (25) local commercial banks, This is because the local commercial banks are the largest (10) companies in terms of shares traded in the Iraqi market. And that those banks have a rate of change in them (+ 81.6%) from their last census in the annual report for the year 2020. And that the banking sector is the largest locally and its turnover is the highest among sectors, as it amounted to (127.8 220) million dinars, in the reports of the third quarter of 2021, Oof ut of the total circulation of (966.4 237) million dinars, i.e. (92.5%) of all trading and for all sectors, which is a very high percentage of the total trading value in the Iraq Stock Exchange. The research sample was selected according to a set of determinants, the most prominent of which is the continuity of trading the shares of the Commercial Bank during the research period (2016-2021) and the non-stop trading of its shares for all or part of the period for a period not exceeding 6 months. The availability of an integrated, consistent, symmetrical, and, uninterrupted data series for each selected bank. And their similarity in the application of accounting standards, noting that the selected baare applied (IFRSs) according to the requirements of the Central Bank of Iraq, starting from the fiscal year (2016). According to those conditions, the selected research sample that fulfilled the above conditions reached (10) banks out of the total number of local commercial banks amounting to (25) banks.

## Eighth: Evaluating the level of transparency through the S&P500 indices

The axis deals with collecting and analyzing the results of the total indicators for the three main categories, which total (98) indicators, as well as calculating the arithmetic mean and standard deviation for each of the sample banks.

Table (4) The general average of the transparency indicators of the research sample banks according to the S&P500 indicators.

| Average averages | Average transparency of the board of directors and management | Average transparency of financial and non-financial information | Average transparency of ownership structure and shareholder rights | Bank |
|---|---|---|---|---|
| 11.33 | 7.50 | 18.00 | 8.50 | Ashur International Investments |
| 13.83 | 11.83 | 18.50 | 11.17 | Baghdad Bank |
| 11.61 | 6.50 | 18.83 | 9.50 | The Commercial Bank of Iraq |
| 13.39 | 10.83 | 19.00 | 10.33 | Al Khaleej Commercial Bank |
| 9.78 | 5.83 | 17.67 | 5.83 | The Iraqi Investment Bank |
| 9.94 | 6.17 | 14.83 | 8.83 | The Middle East Bank |
| 14.11 | 12.33 | 18.50 | 11.50 | The National Bank of Iraq |
| 10.95 | 7.00 | 16.17 | 9.67 | Mansour Investment Bank |
| 10.33 | 7.00 | 15.00 | 9.00 | Sumer Commercial Bank |
| 9.39 | 5.67 | 12.83 | 9.67 | United Bank for Investment |
| 11.47 | 8.066 | 16.933 | 9.4 | The overall average for the three groups |
|  | 2.56839 | 2.35959 | 1.58477 | standard deviation |

Source: **Prepared by the researchers based on the financial reports of the research sample banks**.

From table (14), it is clear that the transparency of disclosure in Iraqi private banks is concentrated in the second category, which includes (concentration of work, presentation of accounting policies, details of accounting policies, structure and transactions of related parties, and information about auditors), which derives most of its information from the auditor's report, Therefore, it recorded a general average of (16.933), which is the highest disclosure, ahead of the first category, which averaged (9.4), and the third category, which reached (8.066). As for the standard deviation, the information was less dispersed and less divergent in the first category, as it reached (1.58477), which is the lowest in the second category, amounting to (2.35959) As for the average results for the banks of the research sample, it was as follows: The three best banks in terms of the average averages of the main categories (Al-Ahly Bank of Iraq, Bank of Baghdad, and Khaleeji Commercial Bank), as their results were
(14.11 ،13.83 ،13.39 )

Table(5)The total results and averages of transparency and risks under the indicators of the original model of the S&P500.

| Relative importance | the arithmetic mean | S. D | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | Bank |
|---|---|---|---|---|---|---|---|---|---|
| | | | 13 | 13 | 9 | 1 | 7 | 7 | Ashur International Bank for Investments: Transparency of the ownership structure |
| | | | 20 | 20 | 20 | 15 | 17 | 13 | Financial and non-financial information |
| | | | 13 | 11 | 10 | 0 | 10 | 9 | The transparency of the board |
| 0.0652 | 34.67 | 2.26 | 46 | 44 | 39 | 16 | 34 | 29 | Total indicators |
| | | | 14 | 14 | 14 | 13 | 6 | 6 | Baghdad Bank: Transparency of the ownership structure |
| | | | 21 | 21 | 21 | 21 | 14 | 13 | Financial and non-financial information |
| | | | 14 | 13 | 13 | 12 | 9 | 10 | The transparency of the board |
| 0.0589 | 41.50 | 2.44 | 49 | 48 | 48 | 46 | 29 | 29 | Total indicators |
| | | | 14 | 13 | 11 | 9 | 5 | | The Commercial Bank of Iraq: Transparency of the ownership structure |
| | | | 20 | 20 | 20 | 20 | 19 | 14 | Financial and non-financial information |
| | | | 10 | 9 | 9 | 1 | 6 | 4 | The transparency of the board |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 0.0635 | 34.83 | 2.21 | 44 | 42 | 40 | 30 | 30 | 23 | Total indicators |
| | | | 13 | 13 | 13 | 12 | 6 | 5 | Al Khaleej Commercial Bank: Transparency of the ownership structure |
| | | | 22 | 22 | 22 | 21 | 14 | 13 | Financial and non-financial information |
| | | | 12 | 12 | 11 | 11 | 10 | 9 | The transparency of the board |
| 0.0598 | 40.17 | 2.40 | 47 | 47 | 46 | 44 | 30 | 27 | Total indicators |
| | | | 13 | 13 | 10 | 9 | 7 | 2 | The Iraqi Investment Bank: Transparency of the ownership structure |
| | | | 20 | 20 | 20 | 20 | 19 | 7 | Financial and non-financial information |
| | | | 10 | 9 | 7 | 0 | 9 | 0 | The transparency of the board |
| 0.0654 | 32.50 | 2.10 | 43 | 42 | 37 | 29 | 35 | 9 | Total indicators |
| | | | 13 | 13 | 10 | 9 | 7 | 1 | The Middle East Bank Transparency of the ownership structure |
| | | | 18 | 18 | 18 | 18 | 17 | 0 | Financial and non-financial information |
| | | | 10 | 8 | 8 | 2 | 9 | 0 | The transparency of the board |
| 0.0615 | 29.83 | 1.83 | 41 | 39 | 36 | 29 | 33 | 1 | Total indicators |
| | | | 14 | 14 | 14 | 13 | 7 | 7 | The National Bank of Iraq: Transparency of the ownership structure |
| | | | 21 | 21 | 21 | 21 | 14 | 13 | Financial and non-financial information |
| | | | 14 | 13 | 13 | 12 | 10 | 12 | The transparency of the board |
| 0.0587 | 42.33 | 2.49 | 49 | 48 | 48 | 46 | 31 | 32 | Total indicators |
| | | | 13 | 13 | 11 | 9 | 9 | 3 | Mansour Investment Bank: Transparency of the ownership structure |
| | | | 19 | 19 | 18 | 18 | 17 | 6 | Financial and non-financial information |
| | | | 10 | 9 | 9 | 2 | 9 | 3 | The transparency of the board |

| 0.0608 | 32.83 | 2.00 | 42 | 41 | 38 | 29 | 35 | 12 | Total indicators |
|---|---|---|---|---|---|---|---|---|---|
| | | | 13 | 13 | 10 | 9 | 7 | 2 | Sumer Commercial Bank: Transparency of the ownership structure |
| | | | 17 | 17 | 17 | 17 | 16 | 6 | Financial and non-financial information |
| | | | 10 | 9 | 9 | 2 | 9 | 3 | The transparency of the board |
| 0.0605 | 31.00 | 1.88 | 40 | 39 | 36 | 28 | 32 | 11 | Total indicators |
| | | | 1 | 13 | 11 | 9 | 9 | 3 | United Bank for Investment: Transparency of the ownership structure |
| | | | 6 | 16 | 15 | 15 | 15 | 7 | Financial and non-financial information |
| | | | 1 | 9 | 9 | 2 | 9 | 3 | The transparency of the board |
| 0.0606 | 25.50 | 1.54 | 8 | 38 | 35 | 26 | 33 | 13 | Total indicators |
| 0.0614 | 34.52 | | Averages | | | | | | |

**Source: prepared by the researcher based on the financial reports of the research sample banks**
It is clear from Table (15) above when compared in terms of relative importance (standard deviation/arithmetic mean), and disclosure transparency, it appears that the three best banks in disclosure transparency according to the S&P500 indices, in the research sample, were respectively (National Bank, Bank of Baghdad, Gulf Bank) and their results were respectively (42.33, 41.5, 40.17)

Accordingly, the standard deviation, which was extracted from the square root (Var variance), supported the results of examining the weakness of disclosure in light of the indicators of the original model of the S&P500, so the results for the first three banks that were least dispersed in terms of relative importance were with the National Bank of Iraq with a value of (0.0587). It is the highest transparency, as its arithmetic means among Iraqi private banks for 6 years reached (42.33), followed by the Bank of Baghdad with a rate that is more dispersed than the National Bank, as its value amounted to (0.0589) from the Gulf Bank. It is the highest transparency, as its arithmetic mean among Iraqi private banks for 6 years reached (42.33), followed by the Bank of Baghdad with a rate that is more dispersed than the National Bank, as its value amounted to (0.0589) from the Gulf Bank, as the Bank of Baghdad is the second highest average of transparency among private banks In Iraq, its arithmetic mean reached 6 years (41.50), and the Khaleeji Commercial Bank came in third place with a standard deviation of (0.0598), which is the third highest average of transparency among Iraqi private banks, as its arithmetic mean reached 6 years( 40.17)

Ninth: Evaluating and analyzing the bank's value through Tobin's Q model

Given the nature of the work of private banks, many researchers have adopted Tobin's Q model below, and it was one of the best models for measuring the value of banking institutions, including (Yildirim & Efthyvoulou, 2020: 230), (Laeven & Levine, 2007: 331–367) (Caprio et al., 2007: 584–617) (Deng & Elyasiani, 2008: 1217-1238) (Gulamhussen et al. 2017: 295) Therefore, the same model was taken to evaluate the value of the establishment according to the following model.

$$\text{Tobin's Q} = \frac{\text{Market Value of Equity} + \text{Book Value of Assets} - \text{Book Value of Equity}}{\text{Book Value of Assets}}$$

| The market value of property rights. | Market Value of Equity | MOVE |
|---|---|---|
| The book value of the assets. | Book Value of Assets | BVA |
| The market value of equity, | Book Value of Equity | BE |

And by applying the Tobin's Q model after preparing the necessary data for application to the banks, the research sample for the period (2016-2021), results were as shown in the following table: 6)

Table (6) Market values of banks in the research sample according to Tobin's Q model.

| average | Market values according to Tobin's Q | | | | | | Bank name |
|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | |
| 0.566 | 0.721 | 0.570 | 0.512 | 0.549 | 0.492 | 0.553 | Ashur International Investments |
| 0.891 | 0.978 | 0.876 | 0.825 | 0.826 | 0.886 | 0.954 | Baghdad Bank |
| 0.649 | 0.689 | 0.679 | 0.651 | 0.625 | 0.631 | 0.618 | The Commercial Bank of Iraq |
| 0.467 | 0.435 | 0.399 | 0.442 | 0.456 | 0.468 | 0.604 | Al Khaleej Commercial Bank |
| 0.604 | 0.596 | 0.536 | 0.508 | 0.534 | 0.690 | 0.758 | The Iraqi Investment Bank |
| 0.695 | 0.664 | 0.665 | 0.632 | 0.707 | 0.775 | 0.726 | The Middle East Bank |
| 0.803 | 0.995 | 0.913 | 0.835 | 0.671 | 0.721 | 0.680 | The National Bank of Iraq |
| 0.786 | 0.599 | 0.978 | 0.809 | 0.810 | 0.780 | 0.740 | Mansour Investment Bank |
| 0.720 | 0.546 | 0.511 | 0.595 | 0.894 | 0.891 | 0.880 | Sumer Commercial Bank |
| 0.512 | 0.731 | 0.582 | 0.533 | 0.411 | 0.427 | 0.389 | United Bank for Investment |
| 0.669 | 0.695 | 0.671 | 0.634 | 0.648 | 0.676 | 0.690 | the arithmetic mean |
| | 0.177 | 0.192 | 0.144 | 0.163 | 0.168 | 0.162 | standard deviation |

Source: prepared by the researcher based on the financial reports of the banks and the mathematical treatment of the sample data.

Where Tobin's Q is the total market value of a bank divided by its total asset value or its asset replacement cost, in other words, Tobin's Q is a way to estimate whether a bank or a particular company is overvalued or undervalued. The results showed that the banks in the research sample have poor performance and low market value and that the value of the banks' assets is higher than their market value. The reason may be challenging at the level of economic and security conditions as well as the Corona pandemic, despite the increase in oil production, energy prices were low at the time, in addition to the budget deficit and the delay in its approval,

and this cast a shadow over economic activity, except that there is an improvement in the banks that appeared Its results will be in 2021, and the reason for this is due to overcoming the Corona crisis, adopting international financial reporting standards, high oil prices, and the expectation of approving the budget, which will improve economic activity, The best ratio for the arithmetic mean was in the year 2021 when it reached (0.695), followed by the year 2016, which amounted to (0.690). As for the banks, the Bank of Baghdad was in the lead with an amount of (0.891), followed by the National Bank (0.803), and then Al-Mansour Bank (0.786). As for the standard deviation, which represents the least dispersion and difference, it was in the year 2019 when it reached (0.144). Despite all of this, there is an improvement in the year 2021 compared to the previous year for all banks, except the Middle East Bank, and at the forefront of the banks, the Bank of Baghdad, the National Bank of Iraq, and Ashur, due to their commitment to international financial reporting standards and the fulfillment of the requirements of the Securities Commission and their auditing by major auditing companies ( Big 4) and its publication of governance reports, and the promotion of boards of directors with academics holding a doctorate in accounting.

## Tenth: the controlling variable - the size of the bank

Drainage size was chosen as a control variable to indicate its influence on the results of the analysis. The variable of the size of the bank is one of the variables affecting the test of the relationship between transparency and the risks of accounting information and the value of the establishment, as the size of the bank has an impact on the extent of the bank's ability and commitment to the requirements of transparency in the degree of quality of financial reporting and its requirements as well as the impact on the market value of the bank, and thus it contributes to controlling And the effect of testing the relationship between variables in the framework of testing the hypotheses of the current research. The control variable in the framework of the current research is measured by the natural logarithm of the total assets of the bank at the end of the year, the results of which are shown in the following table(7)

Table (7) The values of the controlling variable - the logarithm of the total assets of the banks, the research sample

| The logarithm of bank size | | | | | | |
|---|---|---|---|---|---|---|
| 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | Bank name |
| 11.78783 | 11.67574 | 11.62804 | 11.66976 | 11.57555 | 11.573696 | Ashur International Bank for Investments |
| 11.18747 | 12.15214 | 12.05413 | 12.04671 | 12.03749 | 12.079335 | Bank of Baghdad |
| 11.70953 | 11.79025 | 11.653 | 11.64733 | 11.66342 | 11.627232 | The Commercial Bank of Iraq |
| 11.73118 | 11.70825 | 11.73969 | 11.76218 | 11.78054 | 11.904186 | Al Khaleej Commercial Bank |
| 11.81355 | 11.757 | 11.72414 | 11.78325 | 11.75869 | 11.76183 | The Iraqi Investment Bank |
| 11.80667 | 11.81149 | 11.81838 | 11.9035 | 11.88688 | 11.817467 | The Middle East Bank |
| 12.26039 | 11.95132 | 11.80127 | 11.72079 | 11.78102 | 11.762564 | The National Bank of Iraq |
| 11.8438 | 12.10972 | 12.16479 | 12.19489 | 12.05555 | 12.042994 | Mansour Investment Bank |
| 11.57095 | 11.52266 | 11.54455 | 11.61229 | 11.59126 | 11.546169 | Sumer Commercial Bank |
| 11.00802 | 11.84457 | 11.78126 | 11.71226 | 11.7155 | 11.722486 | United Bank for Investment |
| 11.67194 | 11.83231 | 11.79092 | 11.8053 | 11.78459 | 11.783796 | the arithmetic mean |
| 0.352463 | 0.193571 | 0.189547 | 0.188097 | 0.166356 | 0.1825642 | standard deviation |

Source: prepared by the researcher based on the financial reports of the research sample banks

Eleven: test the normal distribution of data

Table (8) Normality Tests

|  | Kolmogorov-Smirnov[a] | | | Shapiro-Wilk | | |
|---|---|---|---|---|---|---|
|  | Statistic | Df | Sig. | Statistic | df | Sig. |
| Tobin's q | .065 | 60 | .200* | .972 | 60 | .187 |
| *. This is a lower bound of the true significance. | | | | | | |

Source: prepared by the researcher based on the results of the statistical analysis

It is clear from Table (8) under each (Shapiro-Wilk) and (Kolmogorov-Smirnova) test, it is clear that the data are distributed normally because the level of significance of the two models is greater than the level of significance adopted. By applying the correlation test, Table (19) shows the results of the correlation test between the variables of the model and my agencies.

Table (9) results of correlation coefficients for variables

|  |  | Tobin's q | Tran (S&P500) | B size |
|---|---|---|---|---|
| Pearson Correlation | Tobin's q | 1.000 | .011 | .343 |
|  | Tran (S&P500) | .011 | 1.000 | .203 |
|  | B size | .343 | .203 | 1.000 |
| Sig. (1-tailed) | Tobin's q | . | .468 | .004 |
|  | Tran (S&P500) | .468 | . | .060 |
|  | B size | .004 | .060 | . |

Source: prepared by the researcher based on the results of the statistical analysis

According to the results of Table (19), it appears that there is a correlation between the transparency measured under the (S&P500) model in the value of the establishment measured under (Tobin's Q) model, which amounted to (0.011), and it is a positive correlation that is not significant, as the level of significance reached (0.468), which is higher than The approved level of morale, which confirms the departure of market assessments from taking into account accounting information in the market assessment of stock prices. As for the relationship between the size of the bank (B size) and the value of the establishment measured under (Tobin's Q) model, it amounted to (0.343), which is a significant positive relationship with a significant level of (0.004), meaning that the size of the bank has a relatively important relationship and influence in determining the value of the bank more than Transparency of accounting information.

While the results of applying the multiple regression equation indicate that the value of (R) was (0.349), the value of (R2) was (0.122), while the value of (Adj.R2) was (0.091), which represents the ratio of the interpretation of the independent variables to the change in the dependent variable, which is Weak interpretation rate reflects the previous results mentioned. While the results of the analysis of variance indicate that the calculated value of (F) amounted to (3.942), which is significant with a value of (0.025) at an approved level of significance (0.05). This confirms the significance of the regression model used. The effect coefficients of the regression equation show the results shown in Table (10) that follows:

Table (10) The results of the regression equation coefficients.

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| | (Constant) | -2.425 | 1.103 | | -2.199 | .032 |
| | Tran (S&P500) | -.016 | .032 | -.061 | -.484 | .630 |
| | B size | .265 | .095 | .356 | 2.807 | .007 |
| a. Dependent Variable: Tobin's q | | | | | | |

**Source: prepared by the researcher based on the results of the statistical analysis**
It is clear from Table (20) above that the amount of effect that is evident through the slope of the relationship between the independent variable (measured transparency under the (S&P500) model in the dependent variable has reached (-0.016), which is not significant according to the calculated level of significance of (0.630), which is greater than the approved level of significance (0.05). As for the size of the bank (B size), in its effect on the dependent variable (the value of the establishment measured under (Tobin's Q) model, its value amounted to (0.265), and it has a significant effect according to the level of significance. calculated and amounting to (0.007), which is less than the approved level of significance. With the above results, the multiple linear regression equation will become as follows:

$$\text{Tobin's } q_{it} = -2.425 - 0.016 TRA_{it} + 0.265 Bsize_{it}$$

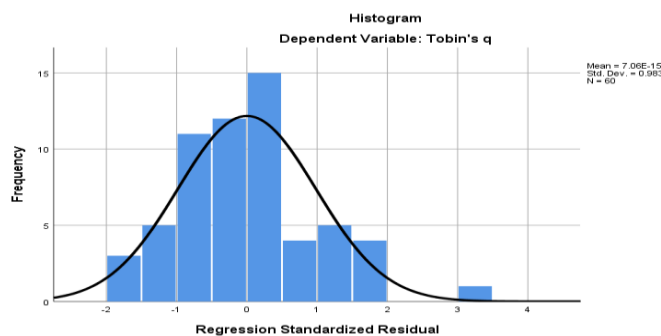The graph of the normal distribution of the data will be shown in Figure 3 below



Figure (3) Histogram of the normal distribution of variables
**Source: Based on the outputs of the SPSS26 statistical program**

**Conclusions Twelfth:**
1- There is an important role for banks in the production and transmission of information in the financial markets when there is an asymmetry in the information. Banks are assumed to have access to key information (before credit is granted), which is not available to other market participants, because of the cost advantages of information or customer intimacy developed over time.
2- Some of the disclosure requirements in the S&P500 standard are implicitly binding by the accounting authority's legislation, so they are standards for mandatory disclosure, and on the other hand, some standards and requirements do not exist and are not included in the accounting authority's legislation, so they are standards for voluntary

disclosure. Accordingly, the S&P 500 scale did not succeed in distinguishing between the two types of disclosure (voluntary and mandatory).

3- The companies were not required to measure the requirements that were not disclosed according to the S&P500 indicators of transparency, corporate governance, and sustainability guidelines, so the S&P500 indicators, although broad, are not comprehensive.

4- The development of local commercial banks was to increase their numbers, but their contributions are almost negligible in mobilizing, collecting, and redistributing savings to economic sectors, to support and enhance investments in the development of the national economy.

5- The disclosed companies are (80) companies out of the total number of (103) companies registered in the Iraq Stock Exchange in (8) main sectors. That is the percentage of companies that failed to disclose reached (22.3%), which is not a small percentage. The percentage will be higher if the number of companies that disclose outside the legal period is added.

6- The three best banks in terms of average averages for transparency for the main categories (National Bank of Iraq, Bank of Baghdad, and Khaleeji Commercial Bank) respectively, as their results were respectively (14.11, 13.83, 13.39), and the three best banks were also in transparency Disclosure according to the S&P500 indices in the research sample.

7- The best banks in terms of the amount of disclosure for the year 2021 were, respectively: the Bank of Baghdad (211) pages, the Middle East Bank (158) pages, the Gulf Bank (134), and Al-Ahly Bank (124) pages.

8- The best banks during the average research period in terms of the degree of transparency were: the National Bank with a rate of (42.3), which is the least dispersed and discrepant in its data as it reached (0.0587), followed by the Bank of Baghdad, whose average transparency during the research period reached (41.50), and the Gulf Bank came third with an average transparency of) 40.17),

9- There is an effect of the transparency measured according to the S&P500 indices on the value of the bank measured under Tobin's Q and a correlation of (0.011), which is a non-significant positive correlation as the level of significance reached (0.468), which is higher than the approved level of significance, which confirms that market assessments are far from Taking accounting information into the market evaluation of stock prices.

10- As for the relationship between the size of the bank (B size) and the value of the establishment measured under (Tobin's Q) model, it amounted to (0.343), which is a significant positive relationship with a significant level of (0.004), meaning that the size of the bank has a relatively important relationship and influence in determining the value of the bank. More than the transparency of accounting information.

11- Most of the Arab and Iraqi banks belong to families and relatives who use banks as a resource for them, based on their personal experiences in investing money, and their connections with the ruling or influential authorities. The banking sector in Iraq suffers from sagging compared to Arab and regional banks.

## Thirteen: Recommendations

1- Recommending that local private banks and other companies be obligated to expand the base of compulsory disclosure in the accounting authority's legislation and that it is effective for all companies registered in the Iraq Stock Exchange, to increase disclosure in quantity and quality by the requirements of international models, including (S&P500) indices, and to work on preparing them annually For comparison purposes, to note the extent of development in performance from year to year.

2- Not relying on regional and local models that reduce the requirements, as well as strengthening the requirements of the original model of the S&P institution, with indicators of fair value, rules of governance, and indicators of economic, social, and environmental sustainability, as well as giving a better evaluation of banks whose accounts have been audited by an international auditing company (Big 4), This has reflected positively on the performance of the two banks in terms of transparency and the low level of accounting information risks they have.

3- Obliging banks to increase the disclosure of the two main categories (the first: ownership structure and shareholders' rights, and the third: the structure of the board of directors and management processes) of the (S&P500) indicators because of their importance in transparency and reducing the risks of accounting information, especially the third main category (you find that the focus of The entire category has been raised (performance related assessment) and the lowest results were for the third main category.

4- Reconsider tightening penalties and fines for banks and other companies that are lagging in disclosure (that disclose outside the legal period).

5- The number of banks is relatively large and unjustified (they are more numerous than the local economic activity requires from banks in neighboring Arab and regional countries). We recommend merging them and reducing their number to suit Iraq's economic reality. Similar to neighboring and regional emerging countries. Similar to the economy of our country and reduce the sagging in the structure of our banking system, and miss the opportunity for manipulators in the currency auction and money laundering.

6- Recommending an increase in the number of bank branches after their merger to meet the local economic needs for banking services, and the needs of our national economy

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