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**Abubakr Zaito Awla, Khdeer Jarjees Mustafa and Azzat Rezan Salahaddin. The Role of The Accounting Efficiency of The Compliance Controller in Reducing Financial Risks (An Analytical Study).** ***University of Kirkuk Journal For Administrative and Economic Science*** **(2024) 14 (1):36-57.**

# The Role of The Accounting Efficiency of The Compliance Controller in Reducing Financial Risks An Analytical Study

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**Abstract.** The study sought to highlight the relationship and impact between the accounting efficiency of the compliance monitor and the reduction of financial risks represented by credit risk, liquidity risks and market risks, and for the purpose of achieving the objective of the study, the researchers organized the questionnaire form and distributed it to a sample of employees of the compliance and risk control departments, who numbered (70) in a number of banks operating in the city of Erbil to be then analysed through the statistical program (SPSS), and the study reached a series of conclusions from The most important of which is the existence of a significant relationship between the accounting efficiency of the compliance controller and the reduction of financial risks, as well as the existence of a significant positive impact of the accounting efficiency of the compliance controller on reducing financial risks, and in the end the researchers recommend the need for banks to pay attention to the accounting efficiency of the compliance controller due to the role it provides in reducing the financial risks to which banks are exposed.

**Keywords:** Accounting efficiency, compliance controller, risk management.

# دور الكفاءة المحاسبية لمراقب الإمتثال في الحد من المخاطر المالية ـ دراسة تحليلية لآراء عينة من موظفي قسمي مراقب الإمتثال والمخاطر في المصارف العاملة في مدينة أربيل

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**المستخلص.** سعت الدراسة الى ابراز العلاقة والأثر بين الكفاءة المحاسبية لمراقب الامتثال و الحد من المخاطر المالية المتمثلة بـ مخاطر الائتمان، مخاطر السيولة ومخاطر السوق، ولغرض تحقيق هدف الدراسة قام الباحثون بتنظيم استمارة الاستبانة و توزيعها على عينة من موظفي قسمي مراقبة الامتثال و المخاطر والذين بلغ عددهم (٧٠) في عدد من المصارف العاملة في مدينة أربيل ليتم بعد ذلك تحليل نتائجها من خلال البرنامج الاحصائي

(SPSS)، وقد توصلت الدراسة الى سلسلة من الاستنتاجات من أهمها وجود علاقة معنوية بين الكفاءة المحاسبية لمراقب الامتثال والحد من المخاطر المالية فضلاً عن وجود تاثير معنوي للكفاءة المحاسبية لمراقب الامتثال على الحد من المخاطر المالية، وفي النهاية يوصي الباحثون بضرورة إهتمام المصارف بالكفاءة المحاسبية لمراقب الإمتثال نظراً للدور التي يقدمها في الحد من المخاطر المالية التي تتعرض لها المصارف.

**الكلمات المفتاحية:** الكفاءة المحاسبية، مراقب الامتثال، ، المخاطر المالية، إدارة المخاطر.

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## Introduction

The banking sector represents one of the most important pillars of the work of the economy in all countries, and in order for banking business to be managed in a good manner, its transactions must be carried out through the regulatory frameworks, policies, instructions and rules set, and for the purpose of knowing the extent of the bank's commitment to these frameworks, policies and instructions issued by the Central Bank or not, there should be a competent person who plays this role, who is called a compliance monitor, who should have knowledge of the policies, procedures and decisions of senior management related to the bank's activity and determine the extent of On the other hand, banks face many risks when practicing banking activities, and the level of these risks increases with the increasing size and spread of the bank and the degree of complexity and development in its activities and the services it provides, as banks operate in an environment characterized by a high degree of uncertainty, which leads to their exposure to many risks, including credit risks, market risks and liquidity risks, and to reduce From the exposure of banks to financial risks, the efficiency enjoyed by the compliance controller, especially the accounting efficiency, has a positive impact on reducing these risks, and therefore this study came to show the role of the accounting efficiency of the compliance controller in reducing the financial risks of all kinds to which the bank is exposed.

## 1. Study Methodology

### A. Study problem

In recent years, it has been noted that the risks to which the banking business is exposed have increased, including credit risks, liquidity risks, and market risks, which result from non-compliance with laws, regulations, instructions, orders, and standards of professional conduct, so the need arose to create a compliance monitor function, which aims to achieve basic purposes, the most important of which is to monitor the bank's compliance with laws and overcome these risks through the preparation of a written program prepared by the bank's board of directors and presented to the Central Bank, and this function is the function of compliance controller. Which should have competencies, including accounting efficiency, which may help the compliance controller in mitigating the financial risks to which the bank is exposed, and therefore the problem of the study can be raised through the following questions:

The first main question is: Is there a relationship between the accounting efficiency of the compliance controller and the reduction of financial risks? and the following sub-questions arise from this question:

(1) Is there a relationship between the accounting efficiency of the compliance controller in reducing credit risk?

(2) Is there a relationship between the accounting efficiency of the compliance controller in reducing liquidity risks?

(3) Is there a relationship between the accounting efficiency of the compliance controller in reducing market risks?

The second main question: Does the accounting efficiency of the compliance controller affect the reduction of financial risks? The following sub-questions arise from this question:

(A) Does the accounting efficiency of the compliance controller affect the reduction of credit risk?

(B) Does the accounting efficiency of the compliance controller affect the reduction of liquidity risks?
(C) Does the accounting efficiency of the compliance controller affect the reduction of market risk?

**B. The importance of the study**

The importance of the study lies in shedding light on compliance as a concept related to banks, which is compliance with the instructions issued by the Central Bank, as well as the positive role played by the compliance monitor in reducing the financial risks to which banks are exposed, which cost them a financial, reputation and market loss.

**C. Objective of the study**

The study aims to achieve the following:
(1) Explain the role of the compliance monitor in exercising its supervisory and legal role and follow up on the extent of banks' compliance with the controls, instructions, and laws issued by the Central Bank and the bank's senior management.
(2) A statement of the role played by the compliance controller in reducing the financial risks to which banks are exposed.

**D .Study hypotheses**

The study is based on several hypotheses that represent the answer to its problem, and these hypotheses are:
The first main hypothesis: There is a relationship between the accounting efficiency of the compliance controller and the reduction of financial risks, and the following sub-hypotheses branch out of this hypothesis:
(1) There is a relationship between the accounting efficiency of the compliance controller in reducing credit risk.
(2) There is a relationship between the accounting efficiency of the compliance controller in reducing liquidity risks.
(3) There is a relationship between the accounting efficiency of the compliance controller in reducing market risks.
The second main hypothesis: The accounting efficiency of the compliance controller affects the reduction of financial risks, and the following sub-hypotheses branch out of this hypothesis:
(A) The accounting efficiency of the compliance controller affects the reduction of credit risk.
(B) The accounting efficiency of the compliance controller affects the reduction of liquidity risks.
(C) The accounting efficiency of the compliance controller affects the reduction of market risk.

**E. Study Methodology**

The researchers relied on the descriptive approach in formulating the theoretical side of the research, and at the same time, the deductive approach was adopted for the practical side of it.

**F. Research Form**

Figure (1) shows the study model, which consists of two variables as follows:
Independent variable: Compliance Controller Efficiency
These are the competencies that should be available in the compliance controller, who is the person responsible for following up the compliance of the bank's departments with the policies, laws, regulations, and instructions set by the bank's board of directors based on the Central Bank law and instructions.
Dependent Variable: Financial Risk
Financial risk is the possibility of banks being exposed to unexpected losses and results as a result of financing granted to others, which are of several types.

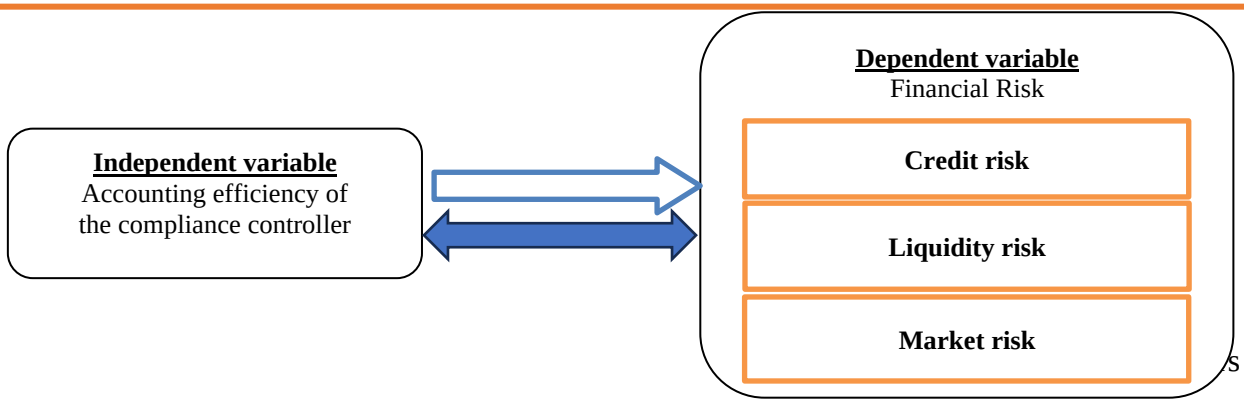


**Figure (1) :**The search variables model

### G. Research community and its sample

The research community is represented in all banks operating in the city of Erbil, while the research sample is a sample of banks in the city.

### H. Research Plan

The study was divided into several axes, the first of which dealt with the theoretical framework for the accounting efficiency of the compliance controller, the second of which dealt with an introduction to financial risks, and the third of which was unique in dealing with the accounting efficiency of the compliance controller in mitigating financial risks, and the fourth axis dealt with the practical side of the research, and in conclusion, the study was concluded with a set of conclusions and recommendations.

## 2. Theoretical framework for accounting efficiency of the compliance controller

### A. Compliance Controller Concept

These include compliance in compliance with laws issued by governments, or regulations set by regulatory authorities that govern the way companies should conduct their affairs, and such non-compliance may lead to consequences such as loss of credibility, financial loss, and litigation against the company (Mulo, et al,2013), as compliance in its simplest concept is evident in strict compliance with banking laws and instructions issued by banking sector sponsors, as compliance forms part of the regulatory process. It is the process of ensuring that banks comply with the application of all laws, regulations, and circulars issued by the Central Bank of Iraq and government agencies in Iraq and abroad, such as international institutions, which determine the provision of advice and advice, monitor the movement of funds and submit reports to the Compliance Committee and the Board of Directors on the extent of the bank's commitment and compliance under Article 71 of the Central Bank of Iraq Law (Al-Abdi and Al-Dahan, 2022: 131), and to determine the extent of the bank's compliance with the law, regulations and instructions issued by the bank, a person is appointed in the bank called a compliance controller, who should have competence for performing his mission in the best way.

The proverb controller was defined as "the person responsible for following up on the compliance of all departments of the bank with the policies, laws, regulations, and instructions issued by the Central Bank and the decisions of the bank's board of directors (Khurshid, 2023: 667).

The Basel Compliance Committee also defined it as "a person who identifies, evaluates, advises, guides, monitors and reports on the risk of non-compliance in a bank that includes the risk of non-compliance with laws and instructions as a result of non-compliance with regulations, codes of conduct and good practices (Misha, 2016: 175).

He was also defined as "a person who monitors the compliance of the bank with all its departments with laws, regulations, and instructions, and also monitors the compliance of the bank with all its various departments with the decisions of the board of directors, policies and procedures set by the board of directors and its senior management based on the Central Bank law and instructions" (Ali and Ibrahim, 2019: 317).

Accordingly, researchers can define the compliance controller as the person responsible for following up on the extent to which the bank's departments comply with the policies, laws, regulations, and instructions set by the bank's board of directors based on the Central Bank law and instructions, which should be competent for performing its mission in the best way.

**B. The importance of the compliance controller in banks**

The increasing importance of compliance in the world's banks after the crisis of 2008 The importance of the presence of the compliance monitor in banking institutions is highlighted through the response of banks to the instructions of the Central Bank of Iraq, in addition to submitting periodic reports on a regular basis to the bank's board of directors or the committee emanating from it and sending a copy to the executive management in line with the instructions of the Central Bank issued in this regard, as it can be described as the link between the banking institution and the Central Bank of Iraq and monitors the extent of adherence to the legislation in force, It is also important in the field of consolidating the relationship between the banking institution and the regulatory authorities, establishing the principles of governance in the banking institution, and finding mechanisms and frameworks that ensure confronting money laundering crimes (Hassan Wamin, 2021: 155) Therefore, it can be said that the importance of the auditor's presence in banks is represented in: (Al-Ajili and Fahad, 2022: 428)

(1) Prevent the risks of non-compliance, especially the risks associated with non-compliance with laws, instructions, and legislations, the risks of penalties, financial fines, and reputational risks issued by the regulatory authorities.

(2) Strengthening and strengthening the relationship with the regulatory authorities.

(3) Maintain professional values and practices, and establish the principles of sound governance approach in financial institutions.

(4) Creating the necessary mechanisms and frameworks to ensure confronting financial crimes, especially combating money laundering and terrorist financing.

In addition to the above points, the researchers believe that the importance of compliance control in banks lies in the fact that the bank is not exposed to legal and regulatory penalties, financial losses, or loss of the bank's reputation as a result of its non-compliance with laws, regulations, and instructions.

**C. Accounting efficiency of the compliance controller**

The accounting profession is one of the professions that have a role and importance in developing the economies of societies, and this profession is keen to develop and raise the level of efficiency, practice, and professional behavior of its members The entity that works to provide all parties with the necessary information, and companies today aspire to have accounting competencies to double their chances of success, which is defined as the cognitive experience of the individual, that is, the previous knowledge that exists in it or that he gained through the practices that he will use in the form of mental processes that allow him By arranging and organizing behavior to face a situation or achieve a certain goal. Therefore, before dealing with the definition of accounting efficiency, competence can be defined as a term that combines theoretical and applied knowledge, skills, and accumulated experience of persons that are used by the individual when performing his functions. As for accounting efficiency, it is the ability to record and classify accounting and commercial operations based on his experience, skills, technical and intellectual knowledge to benefit from them in making decisions. To be accounting competent, a person must have the following: (Ghomari, 2018, 8-10)

(1) Mental competence: It is the efficiency that enables the individual to use his mental activities, to understand, think, remember, and be intelligent.

(2) Efficient dealing with others and communicating with them: This efficiency enables the accountant or controller to work with others in the direction of achieving the benefit of the

company, and enables him to receive and transfer information effectively, formulate reasonable judgments, and make decisions.

(3) Organizational efficiency and business management skills: These skills enable the accountant or controller to understand all aspects of the company's workflow, and the importance of the accountant or controller for this competence comes as he has become part of the decision-making team.

As for the acquired efficiency of the accountant or controller, some believe that this acquisition may take place through several channels, including accounting education institutions, where they are the first responsible for education in the field of accounting and must build their plans and programs in a way that provides the student with basic information and in line with the new development on the various branches of knowledge, taking into account the requirements of society and the labor market, where they see that scientific qualification is a prerequisite for the efficiency of the accountant or controller, and it is clear that The accountant or controller in order to be able to perform his work carefully and efficiently must possess the appropriate scientific qualification and general knowledge that enables him to perform his work with a high degree of efficiency, and that universities are interested in the accountant and controller and the qualification and raising competencies of the basic things necessary to develop the performance of the accounting profession, so it requires professional and legislative bodies to adopt the availability of the minimum scientific and practical qualification of the accountant and controller, the accountant and controller must be prepared sufficient scientific and practical preparation so that Playing a role and performing work in an efficient and effective manner, in addition to accounting education institutions, professional organizations have a role in raising the efficiency of the accountant and controller, as many international professional organizations have contributed effectively to the development of accounting such as the American Association (AAA), the American Institute of Certified Public Accountants (AICPA), the American Financial Accounting Standards Board (FASB), and the institutes of chartered accountants in England, Canada and Australia in developing the accounting profession through research and studies, providing recommendations and developing accounting principles that enabled The profession keeps pace with economic development (Al-Mansouri and Al-Mashkour, 2010: 7-10)

The success of the compliance controller's tasks depends on the existence of accounting competence and professional experience to carry out his work as fully as possible, which is to indicate the extent to which the management of banks complies with the policies, laws, regulations, and instructions issued by the Central Bank and the decisions of the Bank's Board of Directors, especially those related to accounting and financial matters.

## 3. Introduction to Financial Risk

### A. The concept of financial risk

Financial risks have become increasingly prominent and critical in the liquidation of companies since the global financial and economic collapse of 2007 (Liu and Cruz, 2012: 55) Risk is closely linked to the spirit of the financial institution and arises through a myriad of transactions of a financial nature, including buying and selling, investments and loans, and various other business activities, as well as can arise as a result of legal transactions, new projects, mergers and acquisitions, debt financing, or through management activities, owners Foreign interests, competitors, and governments (Issawi and Marghad, 2014: 152).

The financial risk was defined as "the possibility of an undesirable situation and loss to the bank, and financial risk is highlighted by financing that significantly increases the chance of debt dependence" (Tais, 2023: 123).

Financial risk was also defined as "the extent to which the bank is likely to be exposed to unexpected or unplanned losses or events, which are reflected in the bank's financial indicators" (Al-Mousawi and Al-Khafaji, 2020: 12).

It is also defined as "uncertainties associated with any form of financing, including credit risk, business risk, investment risk, and operational risk" (Peng, et al, 2011: 2906).
According to the above definitions, researchers can define financial risk as the possibility of banks being exposed to unexpected losses and results as a result of financing granted to others, which are of several types.

**B. Stages of financial risk**

Financial risks go through several stages, including: (Abboud and Jassim, 2020: 189)
The first stage: It is the stage of the emergence of the accidental event, as the bank faces an accidental incident related to the financial aspect, such as the bank's intervention with a large financial commitment that constitutes a heavy burden on its budget without realizing it.
The second stage is the stage of ignoring the current situation, that is, the stage in which the administration ignores the risks that surround it as a result of the accidental event that appeared in the previous stage.
The third stage: is the stage in which the risk increases with the continued management to ignore and is called (the stage of coexistence with the current situation) and here the losses begin to accumulate on the administration.
The fourth stage: is the stage of coexistence with financial default, as this process becomes normal and in turn affects the cessation of obligations and creditors begin to claim their rights.

**C. Financial Risk Management**

Risk management works to diagnose and address the risks that banks can face, to maximize the expected value of all the bank's activities and it guides employees to understand the potential environmental elements that affect the bank (Baghdadi, 2017: 11), and (Dniestrzanska, 2015: 801) believes that the management of compliance risks by banks is done through several stages, including identifying risks, then measuring them and then monitoring. These risks and then control them and mitigate their number, but (Al-Musawi and Al-Khafaji, 2023: 167) believe that the risk management process can be summarized as the following three steps:
(1) Identify and assess potential risks in banking.
(2) Develop and implement an action plan to deal with and manage these activities that incur potential losses.
(3) Continuously review and report risk management practices after they are operational.
The overall purpose of the risk management process is to assess potential losses to banks in the future and take compensation measures to address these potential problems as they occur.

**4. The role of the accounting efficiency of the compliance controller in mitigating financial risks**

Risk refers to the possibility of loss, which may be a financial loss or loss of image or reputation banks like any other commercial company are exposed to risk, and the greater the risk, the greater the profit, but high risks may also lead to higher losses, and in general, there are several financial risks to which banks are exposed. It is one of the most important types of non-compliance risks related to the bank's financial operations, such as the financial statements represented by the statement of financial position and the statements attached to it, as well as each related to the main profit-generating activities for the benefit of the bank, such as credit risk, liquidity risk, market risk, operational risks, exchange rate risks, interest rate risks. (Sultan, 2019: 62) Therefore, the accounting efficiency of the compliance controller is necessary that the compliance controller must have to enable the proper reading of the financial statements represented by the income statement, the comprehensive income statement, the statement of changes in equity, the statement of financial position, and the statement of cash flows to reduce financial risks, and here the researchers point to the most important of these risks and reduce them through the presence of the compliance controller with efficiency:

**A. Credit Risk:** Credit risk is defined as the financial loss that the bank (lender) may be exposed to due to the inability of customers (borrowers) to repay or their unwillingness to fulfill their obligations, and credit risk in most cases comes from the inability to pay or repay. A loan can be defined as the cash flow provided by the lender to the borrower with a promise to repay it at a later date under the terms and conditions of the loan the loan entails a specific cost called the interest rate, and the loans can be secured or unsecured (Koulafetis, 2017: 2).

Under IFRS 7, corporate credit risk disclosures should enable users of financial statements to understand the impact of credit risk on the amount, timing, and uncertainty of future cash flows, and to achieve this goal, credit risk disclosures should include information on the Bank's credit risk management practices and how they relate to the recognition and measurement of expected credit losses, including methods, assumptions, and information used to measure expected credit losses along with Quantitative and qualitative information that allows users of financial statements to assess the amounts contained in the financial statements arising from expected credit losses, including changes in the number of expected credit losses and the reasons for those changes. Herein lies the efficiency of the compliance controller in identifying, analyzing, and measuring these risks and then taking appropriate measures to deal with them, concerning identifying these risks, there are four types of credit risks, which are proliferation risks, credit renewal, and industry risks practiced by the borrower, in addition to the risks of inexperience of the bank's employees. Models prepared for this purpose, including the 5CS, 6CS, 6PS, LAPP, and others, as for measures, it can be through periodic review of policies and levels of compliance with laws, review of performance standards to identify development opportunities, and others.

**B. Liquidity Risk:** Liquidity risk appears in banks in the absence of a time match between assets and liabilities, which works to reduce the bank's ability to pay, and there is a direct relationship between liquidity and profitability, where when the bank invests in long-term assets, it will achieve a greater return, and this works to increase profitability in banks, which leads to reducing the liquidity ratio in them, which increases liquidity risks in the bank, while the bank invests In short-term assets to reduce liquidity risk will receive a lower return than the bank's profitability reduces (Al-Rashdan and Al-Aoun, 2022: 281-282).

The role of the compliance controller's competence here is to know the extent to which the bank has developed a formal contingency plan for financing and liquidity management that clearly defines strategies for providing liquidity under crisis conditions, which should include policies to manage stressors and adopt clear lines of responsibility and procedures that are periodically tested to ensure that they are practical and robust, as well as knowledge about the extent to which the bank maintains a margin of safety consisting of highly liquid and unrestricted assets that represent a margin of safety against liquidity risk in the event of Stressful scenarios that include loss of unsecured sources of liquidity, in addition, should have an efficiency that helps to identify, measure, monitor and monitor the procedures set by the Bank related to liquidity risks, which includes a comprehensive framework for forecasting cash flows generated from the Bank's assets and liabilities and from off-balance sheet items over specific future time periods.

**C. Market Risk:** Market risk can be defined as the possibility of loss to the bank due to changes in market variables, as it is the risk that the value of trading positions outside the balance sheet will be negatively affected by movements in the stock markets, interest rates, currency exchange rates, and commodity prices.

The role of the efficiency of the compliance controller here lies in the extent to which he can use methods that help him study market risks, including sensitivity analysis for each type of market risk that the bank may be exposed to as at the date of the financial statements, with an indication of the impact of these risks on the statement of profits, losses, and equity, and one of the methods that can be used to analyze sensitivity is the risk-weighted value method (Value at Risk), which shows the interrelationship between risk variables such as (interest rates).

## 5. Fieldside

To complete the field side of the study, a questionnaire form was designed to collect data and to verify its truthfulness, it was presented to a group of specialists from university professors, and the questionnaire was distributed to a random sample consisting of (80) individuals from the employees of the compliance and risk controller departments in many banks operating in the city of Erbil, but the returned and valid ones were (70) forms, and the statistics program (SPSS V26) was used.

To analyze the variables of the study included in the questionnaire, its variables were divided into two parts: the first part includes personal variables, which include: academic qualification, scientific specialization, number of years of experience, questions about participation in development courses on accounting efficiency, and finally questioning, which is related to participating in training courses on financial risks and reducing them.

The second part includes the axes of the study, which was divided into two axes: the first axis, related to questions about the accounting efficiency variable of the compliance controller, and this axis was coded with the symbol (X).

The second axis related to "financial risk reduction" was coded with the symbol (Y), where this axis was measured using three dimensions, the first dimension represented by credit risk reduction, was coded with the symbol (Y1), the second dimension, represented by liquidity risk reduction, where it was coded with the symbol (Y2), and the third dimension, represented by market risk reduction, where it was coded with the symbol (Y3), noting that each of these three dimensions mentioned was measured by six phrases or Questions.

To collect raw data about respondents, the researchers used a Likert-type pentameter. The values of this scale range from one (1) score, which means "strongly disagree," to a score of five (5), which means "strongly agree."

### A. Description of personality variables:

Tables (1) to (6), express a description of the distribution of respondents' individuals according to the personal information of the members of the study sample of employees working in the banks of the city of Erbil through the use of frequencies and percentages, it was found as follows:

### (1) Distribution of respondents by scientific specialization:

Table (1) showed that the majority contributing to the study was within the accounting major, where their percentage reached (%40), where they came in the first place in terms of participation. The second place, was by other disciplines not mentioned by the study, that is, it was not specified by the study, which was (%30), and in third place came the participation of the respondents with a specialization in business administration with a participation rate of (%20) and finally the participation was few, they could have been their scientific specialization within banking finance with a contribution rate of (%10).

**Table 1:**Distribution of respondents by scientific specialization

| Variable classes | Accounting | Finance & Banking | Business Administration | Other | Total |
|---|---|---|---|---|---|
| Iteration | 28 | 7 | 14 | 21 | 70 |
| Percentage | %40 | %10 | %20 | %30 | %100 |

**Source:** Prepared by researchers based on statistical analysis

### (2) Distribution of respondents by academic qualification:

When distributing the respondents according to the academic qualification and based on Table (2), it was found that the majority of the participants in the study were in the category with a bachelor's degree, where their contribution rate was (%40). Participants with an auditor diploma came in second place in terms of participation, with a percentage of (%30). As for the participation of the remaining two categories within the master's and doctorate, their contribution rate was (%20) and (%10) respectively .

**Table 2:**Distribution of respondents by academic qualification

| Variable classes | Doctor | Master | Auditor Diploma | Bachelor | Total |
|---|---|---|---|---|---|
| Iteration | 7 | 14 | 21 | 28 | 70 |
| Percentage | *%10* | %20 | %30 | %40 | %100 |

**Source:** Prepared by researchers based on statistical analysis

**(3) Distribution of respondents by years of service:**

According to Table 3, it is clear that the majority had experience ranging from six to ten years, as their contribution to the study was (%50), and they ranked first. Next comes the category, whose years of experience were sixteen years or above, where their contribution percentage was (%30). Finally, the participation of the remaining two groups was from (1 to 5 years) and (from 11 to 15 years), their contribution rate was equal to (%10) with the participation of seven respondents for each of the two categories.

**Table 3:**Distribution of respondents by years of experience

| Variable classes | From 1 to 5 years | From 6 to 10 years | From 11 to 15 years | 16 years and above | Total |
|---|---|---|---|---|---|
| Iteration | 7 | 35 | 7 | 21 | 70 |
| Percentage | *%10* | %50 | %10 | %30 | %100 |

Source: Prepared by researchers based on statistical analysis

**(4) Distribution of respondents according to the question "Have you participated in development courses on accounting efficiency?":**

To distribute the respondents individuals according to their participation in developmental courses on accounting efficiency, it was found that the participation rate of respondents in those courses was equal to the percentage of respondents who are not participating in those courses, as shown in the table below:

**Table 4:**Distribution of respondents according to the question "Have you participated in development courses on accounting efficiency"?

| Variable classes | Yes | No | Total |
|---|---|---|---|
| Iteration | 35 | 35 | 70 |
| Percentage | %50 | %50 | %100 |

Source: Prepared by researchers based on statistical analysis

**5.1.5 Distribution of respondents according to the question "Have you participated in training courses on financial risk and mitigation?":**

Finally, it was found that the majority of the respondents had participated in training courses on financial risks and their mitigation, amounting to (%60) compared to the percentage of non-participants in those courses, which amounted to (%40), as shown in the table below:

**Table 5:**Distribution of respondents according to the question "Did you participate in training courses on financial risks and their reduction?

| Variable classes | Yes | No | Total |
|---|---|---|---|
| Iteration | 42 | 28 | 70 |
| Percentage | %60 | %40 | %100 |

Source: Prepared by researchers based on statistical analysis

**B. Description of the research axes (variables):**

The study variables were described, which include opinions and answers about questions and paragraphs, which were collected by the members of the study sample, where descriptive statistics were used, including frequency distribution, percentages, arithmetic means, standard deviations, agreement ratios and coefficient of variation "as the last two scales depend on arithmetic means and standard deviations" in order to describe the opinions and answers of the respondents or participants

in the study concerned, and we must note here that the direction of opinions is determined in terms of levels of approval based on the average If the values of the weighted arithmetic mean ranged between 1 and 2.59, the levels of approval for opinions are considered low, i.e. tending towards disapproval, and if they occur between the values of 2.60 and 3.39, the levels of approval are considered medium, meaning opinions tend towards neutrality, and finally, if they occur between 3.40 and 5, the levels of opinions are high for approval, meaning that opinions tend towards approval, and that is, opinions tend towards approval. According to the scale used to describe opinions, try to interlocutor and dimension the research.

For the purpose of testing the levels of opinions in terms of their approval or vice versa, as well as in terms of neutrality towards opinions and to reach this goal, the statistics of the test (T) were used to test the hypothesis of nothingness, which provides for the neutrality of opinions and answers for each approved phrase, whether for the dimension or axis against the alternative hypothesis, which is that the opinions agree or not, where we can accept the nullity hypothesis or reject it, i.e. accept the alternative hypothesis, based on the value of the significance level of the test, if the value of the significance level is less Or equal to the value of the level of significance assumed by the current field study of (0.05) in this case we can reject the nihilistic hypothesis and accept the alternative hypothesis, in other words, either opinions tend towards acceptance or non-acceptance and we can infer between the two cases through the reference to the value of statistics, if the value of its signal is positive, this indicates acceptance and vice versa.

**(1) Description of the accounting efficiency axis of the compliance controller:**

The aforementioned axis was described through six phrases and through Table (6) it became clear to the researchers the following:

**(A)** The values of the arithmetic circles of the statements were located within the extent of acceptance in general (acceptance and acceptance strongly), which indicates that the opinions and answers tend towards acceptance by a high percentage, meaning that the respondents agree with what is included in the phrases of the aforementioned axis, and this means that there are good levels of accounting efficiency for the compliance controller from the point of view of the members of the research sample.

**(B)** It is worth noting that the highest levels of acceptance were for the statement, which stipulated that the accounting efficiency of the compliance controller helps to detect errors and financial crimes and reduce the risk resulting from these errors and prevent their recurrence, as the arithmetic mean reached (4.70) and an agreement rate (%94) and that the lowest percentage of the agreement, according to the opinions, was for the phrase, which stipulated that the accounting efficiency of the compliance controller helps to ward off all types of non-compliance risks, including risks related to accounting and financial matters. Where the percentage of agreement opinions (%80) with an arithmetic mean (4.00).

(**C)** As for the coefficient of difference, its value indicates the extent of homogeneity and convergence of opinions from each other, and the lower value indicates the most homogeneity and the least difference between opinions, in other words, the convergence of opinions and answers about the statement in question and vice versa.

**Table 6** :Description of the accounting efficiency axis of the compliance controller with the results of the Statistics (T) test

| Phrases | Arithmetic mean | Standard deviation | Coefficient of variation | Acceptance Level | Sort by agreement ratio | Statistic value (T) | The difference between the average of the statement and the hypothetical | Morale level | Total |
|---|---|---|---|---|---|---|---|---|---|
| Detect financial errors and crimes, | 4.70 | 0.46 | %9.82 | %94 | 1 | 30.82 | 1.70 | 0.00 | Accept |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| reduce the risk resulting from these errors and prevent their recurrence. | | | | | | | | | |
| Provide integrated and sound reports from the accounting and financial aspects to the executive and senior management and the Central Bank. | 4.60 | 0.49 | %10.73 | %92 | 2 | 27.13 | 1.60 | 0.00 | Accept |
| Understand and read properly the information contained in the annual financial reports | 4.50 | 0.50 | %11.19 | %90 | 3 | 24.92 | 1.50 | 0.00 | Accept |
| Ensure the extent of the bank's compliance with the requirements of laws, rules, and regulations, including accounting and financial issued by the Central Bank | 4.30 | 1.20 | %27.81 | %86 | 4 | 9.09 | 1.30 | 0.00 | Accept |
| Strengthening the relationship between the bank and the regulatory authorities and establishing the principles of governance in it | 4.30 | 0.79 | %18.29 | %86 | 5 | 13.83 | 1.30 | 0.00 | Accept |
| Prevent all types of non-compliance risks, including accounting and financial risks | 4.00 | 1.27 | %31.85 | %80 | 6 | 6.57 | 1.00 | 0.00 | Accept |
| Overall Index | 4.40 | 0.59 | %13.46 | %88 | ------ | 19.78 | 1.40 | 0.00 | Accept |

**Source:** Prepared by researchers based on statistical analysis

Through the table, we find that the statement, which stated that "the accounting efficiency of the compliance controller helps to detect errors and financial crimes, reduce the risk resulting from these errors and prevent their recurrence" has more agreement and homogeneity by the respondents, where the value of the coefficient of variation (%9.82) and we also find that the phrase, which states that "the accounting efficiency of the compliance controller helps to ward off all types of non-compliance risks, including risks related to accounting and financial matters" The opinions were more different and less homogeneous where The coefficient of variation was (%31.85) and therefore more dispersed in terms of opinions and answers by the respondents

(D) Through the test "test (T) for one sample" we find that the values of his statistics for the test corresponding to the overall indicator as well as for all statements were greater than the tabular value of the test, which was (1.997) at the degree of freedom (69) and the level of hypothetical statistical significance used in the current study (0.05) and its reference was positive and also can rely on the level of statistical significance corresponding to the total indicator or for each phrase we find that it was less than the level of significance assumed in the current study of (0.05) any we can reject The hypothesis of nothingness and acceptance of the alternative hypothesis, in other words, the phrases as well as the overall indicator are all moving towards acceptance and at different levels, in other words, the accounting efficiency of the compliance controller helps in the concepts and phrases stipulated in all paragraphs, according to the respondents from the research sample.

**(2) Description of the financial risk reduction axis:**

**(A) Description of the credit risk reduction dimension:**

The mentioned dimension was described through six phrases and through Table (7) it became clear to the researchers the following:

1- The values of the arithmetic means of the statements were located within the extent of acceptance in general (acceptance and acceptance strongly), which indicates that the opinions and answers tend towards acceptance by a high percentage, meaning that the respondents agree with what is included in the phrases of the mentioned dimension, and this means that the accounting efficiency of the compliance controller helps to reduce credit risks from the point of view of the members of the research sample.
2- The highest levels of acceptance were for the statement, which stipulated that the accounting efficiency of the compliance controller and obtaining strong and guaranteed guarantees from the companies requesting credit helps to reduce credit risks, as it reached the arithmetic mean (4.60) and an agreement rate (%92) and that the lowest percentage of the agreement, according to the opinions, was for the phrase, which stipulated that the accounting efficiency of the compliance controller and by following up the current performance of the borrower periodically by relying on interim financial reports helps to reduce credit risk, where the percentage of agreement opinions (%82) with an arithmetic mean (4.10).
3- Through the table, we find that the phrase stated that "the accounting efficiency of the compliance controller and by following up the current performance of the borrower periodically by relying on interim financial reports help to reduce credit risks" has more agreement and homogeneity by the respondents, where the value of the coefficient of variation (%7.37) and we also find that the phrase, which states that "the accounting efficiency of the compliance controller and the identification and use of sound ratios of bank credits granted help to reduce credit risks" The opinions were more different and less homogeneous, as their coefficient of difference was (%27.90) and therefore more dispersed in terms of opinions and answers by the respondents.
4- Through the test "test (T) for one sample" we find that the values of his statistics for the test corresponding to the overall indicator as well as for all statements were greater than the tabular value of the test, which was (1.997) at the degree of freedom (69) and the level of statistical significance hypothetical and used in the current study (0.05) and its reference was positive, and also can rely on the level of statistical significance corresponding to each statement we find that it was less than the level of significance assumed in the current study of (0.05) we can reject the hypothesis of nothingness and accept Alternative hypothesis, in other words, that the statements are all moving towards acceptance and at different levels, in other words, the accounting efficiency of the compliance controller and through the concepts of what was included in the phrases and in general to reduce credit risks, according to the respondents from the research sample.

**Table 7:**Description of the credit risk dimension with the results of the Statistic Test (T)

| Phrases | Arithmetic mean | Standard deviation | Coefficient of variation | Acceptance Level | Sort by agreement ratio | Statistic value (T) | The difference between the average of the statement and the hypothetical | Morale level | Total |
|---|---|---|---|---|---|---|---|---|---|
| Obtain strong and guaranteed guarantees from credit-seeking companies. | 4.60 | 0.49 | %10.73 | %92 | 1 | 27.13 | 1.60 | 0.00 | Accept |
| Analyze, evaluate, and compare current and future performance. | 4.40 | 0.67 | %15.18 | %88 | 2 | 17.53 | 1.40 | 0.00 | Accept |
| The possibility of determining the inability to pay the amount of credit and its interest and addressing the obstacles facing the repayment of credit | 4.40 | 0.67 | %15.18 | %88 | 3 | 17.53 | 1.40 | 0.00 | Accept |
| Assessment of the financial position and liabilities of | 4.30 | 1.20 | %27.81 | %86 | 4 | 9.09 | 1.30 | 0.00 | Accept |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| companies requesting credit | | | | | | | | | |
| Determine and use the correct ratios of bank credit granted | 4.10 | 1.14 | %27.90 | %82 | 5 | 8.04 | 1.10 | 0.00 | Accept |
| Follow up the current performance of the borrower periodically by relying on interim financial reports | 4.10 | 0.30 | %7.37 | %82 | 6 | 30.46 | 1.10 | 0.00 | Accept |
| Overall Index | 4.32 | 0.48 | %11.06 | %86.33 | ------ | 23.07 | 1.32 | 0.00 | Accept |

**Source:** Prepared by researchers based on statistical analysis

**(B) Description after reducing liquidity risk:**

The mentioned dimension was described through six phrases and in Table (8) it became clear to the researchers the following:

1- The values of the arithmetic means of the statements were located within the extent of acceptance in general (acceptance and acceptance strongly), which indicates that the opinions and answers tend towards acceptance by a high percentage, meaning that the respondents agree with what is contained in the phrases of the mentioned dimension, and this means that the accounting efficiency of the compliance controller helps to reduce liquidity risks from the point of view of the members of the research sample.

2- The highest levels of acceptance were for the statement, which stipulated that the accounting efficiency of the compliance controller and the adoption of a comprehensive framework for managing liquidity risks to ensure the maintenance of sufficient liquidity for the functioning of banking helps to reduce liquidity risks, as the arithmetic mean reached (4.80) and an agreement rate of (%92) and that the lowest percentage of the agreement, according to the opinions, was for the phrase, which stipulated that the accounting efficiency of the compliance controller and through the adoption of a formal contingency plan for financing and liquidity management. Clearly define strategies to provide liquidity under crisis conditions that help reduce liquidity risks, as the percentage of agreement (%80) with an arithmetic mean (4.00).

3- Through the table, we find that the statement that "the accounting efficiency of the compliance controller and through the adoption of a comprehensive framework for managing liquidity risks to ensure the maintenance of sufficient liquidity for the functioning of banking helps to reduce liquidity risks" has more agreement and homogeneity by the respondents, where the value of the coefficient of variation (%8.39) and we also find that the phrase, which states that "the accounting efficiency of the compliance controller and through the adoption of a formal contingency plan for financing and liquidity management clearly defines strategies Providing liquidity under crisis conditions helps reduce liquidity risks "Opinions were more different and less homogeneous, with a coefficient of difference (29.79%) and therefore more dispersed in terms of opinions and answers by respondents

4- Through the test "test (T) for one sample" we find that the values of his statistics for the test corresponding to the overall indicator as well as for all statements were greater than the tabular value of the test, which was (1.997) at the degree of freedom (69) and the level of statistical significance hypothetical and used in the current study (0.05) and its reference was positive, and also can rely on the level of statistical significance corresponding to each statement we find that it was less than the level of significance assumed in the current study of (0.05) ie we can reject the hypothesis of nothingness and accept Alternative hypothesis, in other words, that the statements are all moving towards acceptance and at different levels, in other words, the accounting efficiency of the compliance controller and through the concepts of what was included in the phrases and in general to reduce liquidity risks, according to the respondents from the research sample.

**Table 8:** Description of the credit risk dimension with the results of the Statistic Test (T)

| Phrases | Arithmetic mean | Standard deviation | Coefficient of variation | Acceptance Level | Sort by agreement ratio | Statistic value (T) | The difference between the average of the statement and the hypothetical | Morale level | Total |
|---|---|---|---|---|---|---|---|---|---|
| Adopt a comprehensive liquidity risk management framework to ensure that sufficient liquidity is maintained for the banking business. | 4.80 | 0.40 | %8.39 | %96 | 1 | 37.38 | 1.80 | 0.00 | Accept |
| Review and report on the evolution of the bank's liquidity on an ongoing basis. | 4.70 | 0.46 | %9.82 | %94 | 2 | 30.82 | 1.70 | 0.00 | Accept |
| Adopt effective and time-bound procedures to identify weaknesses in the Bank's liquidity risk management and liquidity posture processes | 4.40 | 0.49 | %11.21 | %88 | 3 | 23.74 | 1.40 | 0.00 | Accept |
| Liquidity planning, which leads to consistency between assets and liabilities in terms of maturities | 4.30 | 1.28 | %29.72 | %86 | 4 | 8.51 | 1.30 | 0.00 | Accept |
| Establish robust procedures to identify, measure, monitor, and monitor liquidity risks. | 4.20 | 1.17 | %27.97 | %84 | 5 | 8.55 | 1.20 | 0.00 | Accept |
| Adopt a formal contingency plan for financing and liquidity management that clearly outlines liquidity strategies under crisis conditions.` | 4.00 | 1.19 | %29.79 | %80 | 6 | 7.02 | 1.00 | 0.00 | Accept |
| Overall Index | 4.40 | 0.47 | %10.68 | %88 | ------ | 24.92 | 1.40 | 0.00 | Accept |

**Source:** Prepared by researchers based on statistical analysis

**(C) Description after reducing market risk:**

The mentioned dimension was described through six phrases and through Table (9) it became clear to the researchers the following:

1- The values of the arithmetic means of the statements were located within the extent of acceptance in general (acceptance and acceptance strongly), which indicates that the opinions and answers tend towards acceptance by a high percentage, meaning that the respondents agree with what is included in the phrases of the mentioned dimension, and this means that the accounting efficiency of the compliance controller helps to reduce market risks from the point of view of the members of the research sample.

2- The highest levels of acceptance were for the statement, which stipulated that the accounting efficiency of the compliance controller and through proper planning and the development of financial strategies necessary to face the risks of fluctuations in the market, as it helps to reduce market risks, as the arithmetic mean reached (4.10) and an agreement rate of (82.00%) and that the lowest percentage of the agreement, according to the opinions, was for the phrase, which stipulated

that the accounting efficiency of the compliance controller and by assisting in monitoring the risks of market return rates through standards and determinants The investment approved for the payback period helps to reduce market risk, as the percentage of agreement opinions reached (%74) with an arithmetic mean (3.70).

3- Through the table, we find that the statement, which stated that "the accounting efficiency of the compliance controller and through the follow-up of the performance of investment portfolios according to the latest applications followed in the field of analysis, the most important of which is the calculation of the rate of value exposed to risk (VAR) and the risk rate according to the time period (Duration) and others help to reduce market risks" has more agreement and homogeneity by the respondents, where the value of the coefficient of variation (%22.52) and we also find that the phrase, which states that "the accounting efficiency of the compliance controller and through Assist in monitoring the risk of market return rates through the investment criteria and determinants adopted for the payback period helps to reduce market risk" The opinions were more different and less homogeneous, with a coefficient of difference (%36.62) and therefore more dispersed in terms of opinions and answers by the respondents.

4- Through the test "test (T) for one sample" we find that the values of his statistics for the test corresponding to the overall indicator as well as for all statements were greater than the tabular value of the test, which was (1.997) at the degree of freedom (69) and the level of statistical significance hypothetical and used in the current study (0.05) and its reference was positive, and also can rely on the level of statistical significance corresponding to each statement we find that it was less than the level of significance assumed in the current study of (0.05) we can reject the hypothesis of nothingness and accept Alternative hypothesis, in other words, that the statements are all moving towards acceptance and at different levels, in other words, the accounting efficiency of the compliance controller and through the concepts of what was included in the phrases and in general to reduce market risks, according to the respondents from the research sample.

**Table 9:**Description of the credit risk dimension with the results of the Statistic Test (T)

| Phrases | Arithmetic mean | Standard deviation | Coefficient of variation | Acceptance Level | Sort by agreement ratio | Statistic value (T) | The difference between the average of the statement and the hypothetical | Morale level | Total |
|---|---|---|---|---|---|---|---|---|---|
| Proper planning and development of financial strategies to face the risks of volatility in the market. | 4.10 | 1.05 | %25.65 | %82 | 1 | 8.75 | 1.10 | 0.00 | Accept |
| Follow up the performance of investment portfolios according to the latest applications used in the field of analysis, the most important of which are the calculation of the value at risk rate (VAR) and the risk rate according to the time period (Duration) and others.. | 4.00 | 0.90 | %22.52 | %80 | 2 | 9.29 | 1.00 | 0.00 | Accept |
| Identify, measure, manage and control market risks | 3.90 | 0.95 | %24.36 | %78 | 3 | 7.92 | 0.90 | 0.00 | Accept |
| Interest rate risk coverage based on various financial instruments such as financial options, | 3.90 | 0.95 | %24.36 | %78 | 4 | 7.92 | 0.90 | 0.00 | Accept |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| futures, and others | | | | | | | | | |
| Establish clearly defined quantitative and qualitative criteria for market risk management. | 3.80 | 0.88 | %23.11 | %76 | 5 | 7.62 | 0.80 | 0.00 | Accept |
| Assist in monitoring market interest rate risk through the approved investment criteria and determinants for the payback period. | 3.70 | 1.36 | %36.62 | %74 | 6 | 4.32 | 0.70 | 0.00 | Accept |
| Overall Index | 3.90 | 0.91 | %23.28 | %78 | ------ | 8.30 | 0.90 | 0.00 | Accept |

**Source:** Prepared by researchers based on statistical analysis

## C. Testing research hypotheses:

### (1) The first main hypothesis:

The data of Table (10) indicate a positive significant correlation between the accounting efficiency variable of the compliance controller and the financial risk reduction variable, as the value of the correlation coefficient was (0.551**) and was statistically significant at the level of significance (0.05) and this indicates that the higher the levels of (accounting efficiency of the compliance controller), the higher the levels of (reducing financial risks) by (%55.1), and we conclude from this the achievement of the first main hypothesis, which states that there is a significant relationship between the accounting efficiency of the compliance controller and the limit. of financial risks and at a significant level (0.05) and this calls for accepting the hypothesis in question, which came by the researcher and according to the opinions of the research sample.

**Table 10 :**The correlation coefficient between the accounting efficiency of the compliance controller and the reduction of financial risks

| Dependent variable / Independent variable | Financial risk reduction (Y) | Morale level (.sig) | Moral |
|---|---|---|---|
| Accounting efficiency of the compliance controller (X) | 0.551** | 0.000 | High morale |
| High morale when sig≤ (0.01) Significant when sig ≤ (٠,٠٥) | | | n=70 |

**Source:** Prepared by researchers based on statistical analysis

The first main hypothesis is divided into three sub-hypotheses, according to the three dimensions of the financial risk reduction variable, represented by credit risk, liquidity risk, and market risk, and analyzing the relationship between these dimensions with the accounting efficiency variable of the compliance controller and what is shown below:

### (A) First sub-hypothesis:

The data of Table (11) indicate that there is a positive significant correlation between the accounting efficiency variable of the compliance controller and the credit risk reduction variable, as the value of the correlation coefficient was (0.572**) and was statistically significant at a significant level (0.05) and this indicates that the higher the levels of (accounting efficiency of the compliance controller), the higher the levels of (credit risk reduction) by (%57.2), and we conclude from this the achievement of the first sub-hypothesis, which states that there is a significant relationship between the accounting efficiency of the compliance controller and the limit. of credit risk and at a significant level (0.05) and this calls for the acceptance of the hypothesis in question, which came out of the researcher and according to the opinions of the research sample.

**Table 11:**The correlation coefficient between the accounting efficiency of the compliance controller and the reduction of credit risk

| Independent variable / Dependent variable | Reducing credit risk (Y1) | Morale level (.sig) | Moral |
|---|---|---|---|
| Accounting efficiency of the compliance controller (X) | 0.572** | 0.000 | High morale |
| High morale when sig≤ (0.01) Moral when it is sig ≤ (٠,٠٥) | | | n=70 |

**Source:** Prepared by researchers based on statistical analysis

**(B) Second sub-hypothesis:**

The data of Table (12) indicate that there is a positive significant correlation between the accounting efficiency variable of the compliance controller and the liquidity risk reduction variable, as the value of the correlation coefficient was (0.480**) and was statistically significant at a significant level (0.05) and this indicates that the higher the levels of (accounting efficiency of the compliance controller), the higher the levels of (reducing liquidity risks) by (%48), and we conclude from this the achievement of the second sub-hypothesis, which states that there is a significant relationship between the accounting efficiency of the compliance controller and the limit. Of the liquidity risks and at a significant level (0.05) this calls for accepting the hypothesis in question, which came out of the researcher and according to the opinions of the research sample.

**Table 12:** The correlation coefficient between the accounting efficiency of the compliance controller and the reduction of liquidity risk

| Dependent variable / Independent variable | Reducing liquidity risk (Y2) | Morale level (sig) | Moral |
|---|---|---|---|
| Accounting efficiency of the compliance controller (X) | 0.572** | 0.000 | High morale |
| High morale when sig≤ (0.01) Moral when it is sig ≤ (٠,٠٥) | | | n=70 |

Source: Prepared by researchers based on statistical analysis

**(C) Third sub-hypothesis:**

The data of Table (13) indicate that there is a positive significant correlation between the accounting efficiency variable of the compliance controller and the market risk reduction variable, as the value of the correlation coefficient was (0.311**) and was statistically significant at a significant level (0.05) and this indicates that the higher the levels of (accounting efficiency of the compliance controller), the higher the levels of (market risk reduction) by (%31.1), and we conclude from this the achievement of the third sub-hypothesis, which states that there is a significant relationship between the accounting efficiency of the compliance controller and the limit. of market risks and at a significant level (0.05) and this calls for the acceptance of the hypothesis in question, which came out of the researcher and according to the opinions of the research sample.

**Table 13:**The correlation coefficient between the accounting efficiency of the compliance controller and the reduction of market risk

| Dependent variable / Independent variable | Reducing market risk (Y3) | Morale level (sig) | Moral |
|---|---|---|---|
| Accounting efficiency of the compliance controller (X) | 0.311** | 0.000 | High morale |
| High morale when sig≤ (0.01) Moral when it is sig ≤ (٠,٠٥) | | | n=70 |

Source: Prepared by researchers based on statistical analysis

**(2) Second main hypothesis:**

To test the hypothesis in question, which came from the current field study, which states that there is a statistically significant effect of the accounting efficiency variable of the compliance controller on the financial risk reduction variable and through Table (14), through which the analysis of the

impact relationship between the two variables mentioned and it was found that this effect was statistically significant, based on the test value of the statistics (F) used in the regression model test, where its value of (29.632) was greater than the tabular value of the test of ( 3.99) at the degrees of freedom (1.68) and the level of statistical significance used in the current study of (0.05) or based on the value of the level of significance for the test of (0.000) where its value was less than the value of the assumed significance level mentioned above, thus accepting the second main hypothesis that came out of the current study.

**Table 14:** The impact of the accounting efficiency of the compliance controller on reducing financial risks

| Dependent variable / Independent variable | Financial Risk Reduction (Y) | | | |
|---|---|---|---|---|
| | Hard (B0) | Marginal slope (B1) | F | $R^2$ |
| Accounting efficiency of the compliance controller (X) | 2.270<br>t(6.325) | 0.440<br>t(5.443)<br>sig.(0.000) | 29.632<br>sig.(0.000)<br>sig.(0.000) | %30.35 |

F(0.05,1,68)=3.99

**Source:** Prepared by researchers based on statistical analysis

It was also found that the independent variable represented by (the accounting efficiency of the compliance controller) explains the changes that occurred in the approved variable, represented by (reducing financial risks) by (%30.35), while the remaining percentage of (%69.65) is due to other variables that affect the financial risk reduction variable that is not included in the model.

**(A) First sub-hypothesis:**

To test the hypothesis in question, which was brought by the current field study, which states that there is a statistically significant effect of the accounting efficiency variable of the compliance controller on the credit risk reduction variable and through Table (15), through which the analysis of the impact relationship between the two variables mentioned and it was found that this effect was statistically significant, based on the test value of the statistics (F) used in the regression model test, where its value of (33.098) was greater than the tabular value of the test of ( 3.99) at the degrees of freedom (1.68) and the level of statistical significance used in the current study of (0.05) or based on the value of the level of significance for the test of (0.000) where its value was less than the value of the assumed significance level mentioned above, thus accepting the first sub-hypothesis that came out of the current study.

**Table 15** :The impact of the accounting efficiency of the compliance controller on reducing credit risk

| Dependent variable / Independent variable | Financial Risk Reduction (Y) | | | |
|---|---|---|---|---|
| | Hard (B0) | Marginal slope (B1) | F | $R^2$ |
| Accounting efficiency of the compliance controller (X) | 2.286<br>t(6.422) | 0.461<br>t(5.753)<br>sig.(0.000) | 33.098<br>sig.(0.000)<br>sig.(0.000) | %32.74 |

F(0.05,1,68)=3.99

**Source:** Prepared by researchers based on statistical analysis

It was also found that the independent variable represented by (the accounting efficiency of the compliance controller) explains the changes that occurred in the approved variable, represented by (credit risk reduction) by (%32.74), while the remaining percentage of (%67.26) is due to other variables that affect the credit risk reduction variable that is not included in the model.

**(B) Second sub-hypothesis:**

To test the hypothesis in question, which came from the current field study, which states that there is a statistically significant effect of the accounting efficiency variable of the compliance controller on the liquidity risk reduction variable and through Table (16), through which the analysis of the impact relationship between the two variables mentioned and it was found that this effect was statistically significant, based on the test value of the statistics (F) used in the regression model test, where its value of (20.354) was greater than the tabular value of the test of ( 3.99) at the degrees of freedom (1.68) and the level of statistical significance used in the current study of (0.05) or based on the value of the level of significance for the test of (0.000) where its value was less than the value of the assumed significance level mentioned above, thus accepting the second sub-hypothesis that came from the current study.

**Table 16:**The impact of the accounting efficiency of the compliance controller on reducing liquidity risk

| Dependent variable / Independent variable | Financial Risk Reduction (Y) | | | |
|---|---|---|---|---|
| | Hard (B0) | Marginal slope (B1) | F | $R^2$ |
| Accounting efficiency of the compliance controller (X) | 2.723<br>t(7.264)<br>sig.(0.000) | 0.381<br>t(4.511)<br>sig.(0.000) | 20.354<br>sig.(0.000) | %23.04 |
| | | | F(0.05,1,68)=3.99 | |

Source: Prepared by researchers based on statistical analysis

It was found that the independent variable represented by (the accounting efficiency of the proverb controller) explains the changes that occurred in the approved variable, represented by (reducing liquidity risks) by (%23.04), while the remaining percentage of (%76.96) is due to other variables that affect the liquidity risk reduction variable that is not included in the model.

**(C) Third sub-hypothesis:**

To test the hypothesis in question, which was brought by the current field study, which states that there is a statistically significant effect of the accounting efficiency variable of the compliance controller on the market risk reduction variable and through Table (17), through which the analysis of the impact relationship between the two variables mentioned and it was found that this effect was statistically significant based on the test value of the statistics (F) used in the regression model test, where its value of (7.305) was greater than the tabular value of the test of ( 3.99) at the degrees of freedom (1.68) and the level of statistical significance used in the current study of (0.05) or based on the value of the level of significance for the test of (0.009) where its value was less than the value of the assumed significance level mentioned above, thus accepting the third sub-hypothesis that came from the current study.

**Table 17:** The impact of the accounting efficiency of the compliance controller on reducing market risk

| Dependent variable / Independent variable | Financial Risk Reduction (Y) | | | |
|---|---|---|---|---|
| | Hard (B0) | Marginal slope (B1) | F | $R^2$ |
| Accounting efficiency of the compliance controller (X) | 1.799<br>t(2.293)<br>sig.(0.025) | 0.477<br>t(2.702)<br>sig.(0.009) | 7.305<br>sig.(0.009) | %9.70 |
| | | | F(0.05,1,68)=3.99 | |

**Source:** Prepared by researchers based on statistical analysis

It was also found that the independent variable represented by (the accounting efficiency of the compliance controller) explains the changes that occurred in the approved variable, represented by (reducing market risks) by (%9.70), while the remaining percentage of (%90.30) is due to other variables that affect the market risk reduction variable that is not included in the model.

## 6. Conclusions and recommendations

### A. Conclusions

Through research and study, the study reached the following conclusions:

(1) Compliance in its simplest concept is evident in the strict compliance with banking laws and instructions issued by the sponsors of the banking sector, including the Central Bank, and in knowing the extent of banks' compliance with the law, regulations, and instructions issued by the bank, a person is appointed in the bank called the compliance controller, who should have competence for performing his task in the best way.

(2) Financial risk means the possibility of banks being exposed to unexpected or unplanned losses and results, which are reflected in the indicators of the financial bank, and are of several types, including credit risk, liquidity, and market risks.

(3) Accounting efficiency depends on the technical and intellectual experiences, skills, and knowledge that must be enjoyed by the compliance controller for the success of his tasks and the preparation of his reports addressed to the competent authorities.

(4) By conducting a field study to test the relationship between the accounting efficiency of the compliance controller and the reduction of financial risks, the results showed the following:

(A) There is a statistically significant relationship between the accounting efficiency of the compliance controller and the reduction of credit risk

(B) There is a statistically significant relationship between the accounting efficiency of the compliance controller and the reduction of liquidity risk.

(C) There is a statistically significant relationship between the accounting efficiency of the compliance controller and the reduction of market risk.

(5) By conducting a field study to test the impact of the accounting efficiency of the compliance controller on reducing financial risks, the results showed the following:

(A) There is a statistically significant effect of the accounting efficiency of the compliance controller on the reduction of credit risk.

(B) There is a statistically significant impact of the accounting efficiency of the compliance controller on reducing liquidity risk.

(C) There is a statistically significant impact of the accounting efficiency of the compliance controller on reducing market risk.

### B. Recommendations

Drawing on their conclusions, the researchers recommend the following:

(1) Paying attention to the scientific and practical competence of compliance supervisors working in banks located in the Kurdistan Region and Iraq, especially those related to accounting competencies to read financial statements and reports properly to reduce the financial risks to which banks are exposed.

(2) Opening special training courses by specialists in the field of accounting for compliance supervisors in banks to raise their accounting efficiency due to the role they play in knowing the extent of banks' compliance with the laws, regulations, and instructions issued by the Central Bank, the government and other parties.

(3) Banks must fully comply with all laws, regulations, and instructions in order not to be subjected to legal and regulatory penalties, financial losses, or loss of reputation.

(4) The need for the attention of the scientific bodies, represented by institutes and universities, to add new topics within their curricula, including the subject of how to develop the efficiency of compliance monitors to graduate and form new competencies aware of this subject.

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