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# The effects on adoption of international financial reporting standards (IFRS), challenges and reporting implications in the case of Middle Eastern countries and Greece as well as in the context of the European banking industry

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## **Abstract**

This research work examined the impact of International Financial Reporting Standard (IFRS) adoption on Banks performance. The study is based on the appraisal of IFRS compliance and Adoption. Both primary and secondary data were used in this study. The primary data would be sourced via a administered in a survey conducted on examining the convergence to IFRS in Banks, as a case study while the secondary data collected from Annual Report of Access European Banks as well as journals, textbooks and newspapers. The result of the analysis showed that at there is significant relationship adoption of IFRS and financial reporting of banks in European as well as in the Islamic accounting world, of Middle Eastern countries. However, comprehensive implementation of the standard to its totality by firms in the country, and the regulatory authorities should monitor strict compliance.

In addition this study provides an analysis of the disclosures made in the first year of mandatory adoption of IFRS 7 Financial Instruments: Disclosures, by the 24 largest European banks and summarizes areas of specific interest: disclosures relating to the use of fair values and to the credit crisis. Next it provides an analysis of the quantitative risk disclosures, followed by other types of disclosure.

The global financial crisis has been the pro-cyclical amplification of financial shocks through the banking system, financial markets and the broader economy.

The provisions of IAS 39-Financial Instruments-Recognition and Measurement issued by the International Accounting Standards Board (IASB), establishes the principles for recognizing and measuring financial assets and financial liabilities. This standard is of particular importance to the banking sector and NBFCs which deal primarily in financial instruments. IAS 39 includes provisions about classification of financial instruments, their ongoing measurement (including when impairment is required) and derecognition. The provisions of IAS 39 are currently applicable globally in respect of financial instruments.

Following the crisis, there was widespread criticism that the accounting standards, more so, fair value accounting significantly contributed to the financial crisis or at the very least exacerbated the severity of the crisis, in view of its failure to deal with illiquid markets and distressed sales.

# Contents of Table

List of Tables .....	6
List of figures .....	7
List of Abbreviations .....	9
Chapter 1: The vision of global accounting standard	
The IASB .....	10
What is IFRS? .....	11
The Conceptual Framework for Financial Reporting .....	11
Introduction of International Financial Reporting Standards (IFRS) - issues and challenges,	
Importance of accounting standards .....	12
International financial reporting standards .....	12
Lessons from the financial crisis – review of standards for financial instruments .....	13
Challenges for banks and non-banking financial companies .....	14
Key non-accounting issues .....	14
Discussion .....	15
Methodology .....	15
Chapters .....	16
Chapter 2: Literature Review	
Definitions .....	17
Literature on IFRS .....	17
Chapter 3: IFRS in Focus- the Greek debt crisis: Financial reporting implications for 30 June 2015	
Financial reporting consequences at glance General disclosures .....	20
Impairment .....	21
Going concern .....	22
Direct consequences .....	22
Broader economic considerations .....	23
Chapter 4: Challenges of international financial reporting standards (IFRS) in the Islamic accounting world, case of Middle Eastern countries	
Islam and emergence of Islamic finance .....	25

Relationship of the MEC with Islamic financial institutions .....	26
Effect of culture on accounting standard setting process .....	26
Economic significance of MEC countries .....	26
Business environment in the MEC .....	27
Foreign investment concerns .....	27
Accounting standard differences between IASB, AAOIFI and MEC .....	27
Challenges of complying fully with the IASB .....	28
Discussion .....	28
Chapter 5: IFR7 Financial Instruments: Disclosures, by the 24 largest European banks	
Fair value .....	31
Methodology and significant assumptions used .....	31
Valuation techniques .....	33
Credit crisis .....	38
Disclosures .....	44
Credit risk .....	45
Credit quality .....	45
Collateral and other credit enhancements .....	46
Concentrations of risk .....	46
Liquidity risk .....	47
Alternative liquidity management techniques .....	49
Market risk .....	50
Value at risk .....	51
Limitations of VaR .....	52
Stress testing .....	53
Insurance risk .....	57
Types of risk .....	58
Other issues .....	58

Treatment of interest .....	62
Treatment of ineffectiveness on cash flow hedges, net investment hedges and changes in fair Value of fair value hedges .....	63
Chapter 6: The effects of IFRS adoption on the financial reporting quality of European banks	
Changes in the accounting rules for loan loss provisioning .....	68
Accounting for credit risks under IAS/IFRS .....	70
Business cycles, loan growth and loan loss accounting .....	73
The effect of IFRS adoption on income smoothing .....	74
The implications of bank regulation on income smoothing .....	76
The implications of ownership structure on income smoothing .....	77
Conservatism in banks' earnings .....	78
Sample selection and descriptive statistics .....	79
Discussion .....	85
Chapter 7: Chapter Seven: Conclusion and suggestion for further research	
Limitations of Study .....	86
Recommendations for future research .....	87
Conclusion .....	87
References .....	89