Original Article
ISSN (Online): 2582-7472

ShodhKosh: Journal of Visual and Performing Arts
June 2024 5(6), 2149–2160

# A STUDY OF IFRS (INTERNATIONAL FINANCIAL REPORTING STANDARDS) AND ITS ADOPTION IN THE INDIAN BANKING SYSTEM

Aishwarya Maharshi [1], Dr. Babasaheb Jadhav [2]

[1] Assistant Professor, Dr. D. Y. Patil Vidyapeeth, Global Business School & Research Centre, Pune, India
[2] Professor, Dr. D. Y. Patil Vidyapeeth, Global Business School & Research Centre, Pune, India

**Corresponding Author**
Aishwarya Maharshi,
aishwarya.maharshi@dpu.edu.in

**DOI**
10.29121/shodhkosh.v5.i6.2024.5357

**Funding:** This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.



## ABSTRACT

The adoption of International Financial Reporting Standards (IFRS) represents a substantial step toward improving the comparability and transparency of financial reporting. This study looks at the role of a bank's International Financial Reporting Standards (IFRS) awareness and IFRS adoption levels on the financial reporting compliance of private banks in Pune City. A quantitative research methodology and a structured questionnaire for 85 financial managers were developed. Data was analysed using regression analysis and ANOVA. The study found that the greater awareness of IFRS by the financial managers positively contributes to higher compliance with IFRS (International Financial Reporting Standards). This study also determines that banks with high levels of IFRS adoption differ significantly in compliance when compared to banks with medium adoption levels and low IFRS adoption levels. The results highlight the valuable role of structured IFRS training and effective governance structure in improving reporting quality. Overall, based on the results of the study, the authors suggest that banks should emphasize ongoing training and education, improve audit committees' oversight of the subject matter, use technology to facilitate IFRS reporting, and a general commitment to training and supervision. In addition, commitment to a corporate culture of transparency and accountability from the Board and other top leaders is essential to effective IFRS implementation. Lastly, the study adds to the existing body of literature addressing IFRS adoption by the Indian banking sector and provides recommendations to improve compliance and transparency.

**Keywords:** IFRS Awareness, Financial Reporting Compliance, Banking Sector, India, Adoption Levels

## 1. INTRODUCTION

International Financial Reporting Standards (IFRS), which were developed by the International Accounting Standards Board (IASB), represent an internationally accepted framework used to establish consistency, transparency, and comparability of financial reporting. (IASB, 2018). The adoption of IFRS for reporting purposes requires converging the existing national accounting practices (like Indian Generally Accepted Accounting Principles (IGAAP)) with IFRS, resulting in Indian Accounting Standards (Ind-AS). In India, mandatory Ind-AS has been implemented, to some extent, for banking, non-banking finance, and insurance companies beginning in the fiscal year 2018–19, per notification from the Press Information Bureau (Indian Accounting Standards Converged with IFRS Notified, 2015). Accounting standards as the Ind-AS, compared to the IGAAP, have required significant changes in accounting practices for revenue recognition, asset impairment (including expected credit loss model under IFRS 9), hedge accounting, and various methods of fair-value measurements - areas that are relevant for the bankers (Firoz, Ansari, & Akhtar, 2017). Consequently, private banks had considerable difficulties adjusting legacy information systems to meet IFRS compliance, retraining financial managers, and adapting to the regulatory norms imposed by the Reserve Bank of India to meet up-to-date reporting levels.

Prior studies on IFRS convergence have shown inconsistent changes in accounting quality and value relevance. Adhikari, Bansal, and Kumar (2021) show that sector-wide accounting quality declined post-convergence in India because of learning curve and implementation costs. However, other studies indicate that long-term IFRS compliance might improve comparability and build stakeholder confidence (Adhikari et al., 2021). Moreover, Firoz et al. (2017) find that non-performing asset ratios and capital adequacy profiles in Indian banks changed post-IFRS adoption, which they attributed to stricter impairment models and more conservative provisioning. Research in the banking sector found that both maximum efficiency and reporting quality improved after IFRS adoption in the banking sectors in Pakistan and Greece (Ma et al., 2022; Ballas, Noulas, & Panagopoulos, 2019). However, it is precisely contextual differences, such as India's phased convergence program and distinct governance structures, that warrant a focus on banks operating in India. For instance, unique institutional characteristics of private banks located in Pune City can vary widely in adherence to IFRS rules of adoption based on host of factors include board independence, audit committee expertise, and internal oversight (Almaqtari, Ahmad & Choudhary, 2021). This diversity resulted in fewer restatement disclosures and more transparency in disclosures showed in contexts of high adoption institutions compared to their low adoption counterparts.

The study will explore the relationship between the levels of awareness of IFRS, and the levels of adoption of IFRS by financial managers, in terms of their higher resident levels of compliance with the reporting requirements of IFRS, in private banks in Pune City. The results will be based on a quantitative survey of 85 bank financial managers. The analyses of regression and ANOVA will be used to find, firstly, if whether the high level of driving factor IFRS knowledge predicts increased compliance levels, and secondly, under each adopting and/or adhering group will have a significant or... difference scores. The goal of the results will be to identify potential strategies for future action, including training programs, and governance models, to improve the consistent application of IFRS across compliant entities identified as particular groups. This study provides knowledge that fills a gap in the literature related to Indian banking, which will assist in examining ways to transfer national regulations into internationally accepted standards, thereby adding to greater transparency, increased confidence for stakeholders, and stabilisation of India's financial system.

## 2. THEORETICAL CONCEPTS

On a global level, International Financial Reporting Standards are a converged set of accounting standards developed by the International Accounting Standards Board (IASB) with the intention of increasing comparability, transparency, and reliability in financial statement reporting (Barth, Landsman, & Lang, 2008). IFRS aims to reduce information asymmetry between those who prepare financial statements and those who use them for decision-making, specifically outside stakeholders (investors, regulators, creditors) by providing guidance for uniformly applying recognition, measurement, and disclosure policies. Theorists suggest that uniformity reduces agency costs by removing management discretion which would otherwise create incentives for management to bias their external reporting that would counter to the interests of the shareholders (Daske, Hail, Leuz, & Verdi, 2008). The banking industry has a heavy reliance on accurate judgements about asset impairment and risk provision; thus, the expected credit loss (ECL) model introduced in IFRS 9 represents a significant divergence from previously applied local standards in that they now are required to estimate losses based on future expectations. Therefore, banks that are adapting to the IFRS model will have to change their provisioning approaches that will more than likely result in more conservative loan-loss provision reversals which, in turn would change capital adequacy (Ball, 2006). This change in requirements will not only change the financials of a bank but also macroprudential consequences because the uniform application of impairment recognition can make banks more resilient systemic, which will enable more cross-border regulatory comparisons.

In the Indian context, the culmination of IGAAP and IFRS led to the adoption of Indian Accounting Standards (Ind-AS) starting in 2016 for certain classes of companies, including all banking and non-banking financial institutions by FY 2018-19 (Sunder, 2014). Ind-AS contained the fundamental principles of IFRS but also incorporated carve-outs relevant to India's unique regulatory environment. Indian banking regulators required certain amendments to fair-value measurement and stated that impairments should be approached differently, all of which was strongly influenced by the guidelines of the Reserve Bank of India (RBI). There is clear empirical evidence that, during the first phase of the transition, Indian banks faced problems in implementation: older IT systems did not allow for the right IFRS modules to be inserted, and staff had to be retrained substantially in order to understand and interpret complex recognition and measurement requirements for example, IFRS 9 (Christensen, Lee, & Walker, 2007). Banks also had to adjust to ensure that existing prudential norms and statutory requirements for asset classification and provisioning fitted with the IFRS forward-looking provisioning approach. These adjustments resulted in increased volatility in reported credit provisions and capital ratios showing the tension between the global accounting and reporting process and the domestic regulatory process (Daske et al., 2008).

In addition to technical accounting adjustments previously discussed, theoretical perspectives like institutional and signaling theory explain how banks' governance structures and strategic incentives influence the degree and quality of IFRS adoption. Institutional theory suggests that firms adopt practices endorsed by the credit rating agencies and other stakeholders in order to establish legitimacy as a firm and as an industry, particularly for overseas investors (Ramanna & Sletten, 2014). Also, adoption is contingent on an organization's ability to execute it: independence of the board, expertise on the audit committee, and commitment from top management have been identified as relevant factors for effective IFRS adoption (Christensen et al., 2007). Signaling theory explains that banks that voluntarily signal a higher level of compliance (and value) with IFRS by continually disclosing high-quality information may receive a reduction in the cost of capital for those banking institutions who have begun the transition (Ball, 2006). The key driver of this element of signaling is the high likelihood of decreased cognitive dissonance for sophisticated investors. Several empirical studies find that, in India, banks with more independent audit committees experience fewer incidences of financial restatement after convergence, and that banks with better accounting expertise on their audit committees experience even fewer incidences of financial restatement identifying that firm governance variables may buffer the costs associated with adopting IFRS (Sunder, 2014).

The value relevance and financial performance theories suggest that IFRS adoption could support the enhancement of accounting information relevance by aligning book values and earnings with economic fundamentals, hopefully helping stakeholders to make better decisions (Barth et al., 2008). Value relevance in banking has a direct relationship with fair-value disclosure of financial instruments and impairment models, with IFRS convergence increasing transparency over loan-loss provisions and risk-weighted assets. However, research demonstrated mixed results: some found a drop in value relevance of accounting before rising again, as it experienced some implementation teething trouble, while others noted an overall increase in comparability and investor confidence over the long term (Daske et al., 2008). In India, fragmented evidence indicated that larger banks – those who could afford to invest in IFRS-compliant accounting software and training - were achieving greater improvements in reporting quality than smaller banks indicating economies of scale in convergence (Sunder, 2014). Therefore, exploring IFRS convergence in private banks located in Pune City presents an opportunity to assess the investigation of the substantive theories and examine how awareness, governance, and resources interact to produce reporting compliance.

## 3. LITERATURE REVIEW

International Financial Reporting Standards (IFRS) have had considerable consequences for accounting procedures and financial reporting. Investigations from India produce conflicting results. One study reported a declining value relevance after IFRS adoption (Costa & Gomes, 2022) while another study reported the value relevance of accounting information increases after IFRS adoption (Gomes & Costa, 2022). IFRS adoption changed value relevance in India, particularly relating to goodwill and liabilities while accounting value differences could be influenced by capital structure, ownership, (Tawiah & Boolaky, 2020). Pakistan showed an overall increasing effect on the quality of accounting and efficiency of the banking sector as a result of IFRS adoption (Ma et al., 2022). Private firms that voluntarily adopted IFRS were also more likely to attract foreign bank loans relative to firms not adopting IFRS (Balsmeier & Vanhaverbeke, 2016). These studies suggest the effects of IFRS adoption and resulting financial statements matter - and context is important when making these assertions when studying accounting practices and financial reporting and access to capital.

The application of International Financial Reporting Standards (IFRS) has been subjected to rigorous and careful scrutiny with regards to the implications it has on accounting quality and financial performance: a number of studies indicate that IFRS adoption may lead to accounting quality improvements, although this may be confined to firms that have an incentive to adopt voluntarily (Christensen et al., 2015) and that the impact on financial performance is mixed (one study finds insignificant positive effects on bank profitability in Nigeria (Ogunmakin et al., 2021). The factors affecting IFRS adoption at the national level are complex and even conflicting, which suggests that attention needs to be paid to this topic (Bengtsson, 2021), Under an IFRS environment, and improved quality and corporate governance practices added to the quality of financial reporting by banks, particularly during the financial crisis (in Greece) (Ballas et al., 2019). The harmonization and conversion of accounting standards have also been explored in India and Kenya so as to identify the precursors of this process (Maina et al., 2020).

The implementation of International Financial Reporting Standards (IFRS) continues to have both beneficial and negative outcomes in different nations and contexts worldwide. When initially developed, IFRS was intended to enhance the comparability and transparency of financial reporting, but evidence has not been uniformly supportive of these benefits (Brüggemann et al, 2012). There have, however, been positive effects at the capital markets and macroeconomic levels (Brüggemann et al, 2012). For example, in Australia, the adoption of IFRS improved the value relevance of earnings (especially among industrial firms) (Chalmers et al, 2011), however a study in Nigeria found that bank performance and value did not significantly improve following IFRS adoption (Nwaogwugwu, 2020). The introduction of IFRS brings challenges to its implementation, especially the need to apply the IFRS uniformly across a range of national contexts (Tokar, 2005). A decade following the global adoption of IFRS, and the benefits remain somewhat unclear; while globalization has led to a demand for international standards, the majority of commercial activity remains local (Ball, 2016). There remain many questions to consider, and few conclusive answers regarding the intended consequences and unintended consequences of mandatory IFRS adoption (Brüggemann et al, 2012).

The adoption of International Financial Reporting Standards (IFRS) in the Middle East and North Africa (MENA) region has improved the quality of financial reporting, particularly in countries with governance quality that is assessed as medium (Abdulbaset Ab Klish et al., 2021). For Central and Eastern European countries, the economic implications of IFRS adoption could be inconsistent owing to the economic structure and institutional environment (Procházka, 2017). The banking sector in India has utilised XBRL standards which has led to huge improvements in the efficiency of reporting (Kumar et al., 2019). After the convergence with IFRS, the corporate governance mechanisms of board independence and size/ expertise of boards and knowledge of audit committees were shown to impact compliance on the corporate side with Ind-AS (Almaqtarai et al., 2021). These studies bring to light the relative nature of IFRS adoption and application of related standards and highlight the consideration of the local economic and institutional environments when assessing the efficiency of implementing international accounting standards.

## 4. LITERATURE GAPS

While studies exist that analyze the implications of IFRS adoptio n, there is a gap with respect to banks in India. Studies on value relevance post-IFRS (Costa & Gomes, 2022; Gomes & Costa, 2022) consider general firms and do not include metrics specific to banks such as credit risk disclosures and Basel capital adequacy ratios. Studies of the impact of goodwill and liability revaluation on value relevance (Tawiah and Boolaky, 2020) do not recognize that banks hold a unique asset-liability structure. Although studies from Pakistan (Ma et al, 2022) and Greece (Ballas et al., 2019) demonstrate efficiency gains and improvement of reporting quality before and after IFRS incorporated, these studies differ from the regulatory environment and institutional context of India. In addition, the implementation of XBRL has effectively improved the efficiency and reporting process for Indian banks (Kumar et al, 2019). However, no studies about the interaction of compliance with IFRS and XBRL exist. Furthermore, the implications of corporate governance on IFRS compliance in Indian banks (Almaqtari et al, 2021) needs additional examination to study board independence, board expertise, and role of the audit committee. Our study aims to fill these holes by studying compliance, transparency of financial reporting, and regulatory capital reporting of banks and how IFRS compliance has impacted Indian banks.

## 5. RESEARCH METHODOLOGY

The study utilized a quantitative research design, and a standardised questionnaire was used to collect quantitative information relevant to IFRS awareness and financial reporting compliance among bank financial managers. The population of this research was all of the financial managers employed by the private banks within Pune City. These financial managers are responsible for ensuring that financial reporting is compliant, and therefore are knowledgeable regarding IFRS adoption, making them the best source. The sample of 85 participants was determined in accordance with a sample size formula. A simple random sampling method was used to ensure all financial managers working for all private banks operating in Pune City had an equal and random chance of selection. A simple random sampling framework was preferred to optimize the degree of representativeness of the sample of financial managers in private banks, while recognizing some limitations of data collection in terms of duration and resource constraints.

The thoroughly reported results of the study outline how the researcher tested the hypotheses of their research using regression. Primary data were collected using the questionnaire while secondary data were collected using secondary reporting and industry-based readings. SPSS was used to analyse the statistical tests and all regression analyses to understand the level of relationship between both IFRS awareness levels and financial reporting compliance scores in relation to the research hypotheses. The overall aim of the methodology was to collect both primary and secondary data through the lens of SPSS that could yield empirical conclusions relevant to how the adoption of IFRS impacts reporting in the context of the Indian banking industry.

## 5.1. RESEARCH PROBLEMS IDENTIFIED

- Despite regulatory mandates, many financial managers in private banks exhibit limited awareness of IFRS, leading to inconsistent adoption and reporting practices.
- The lack of standardized IFRS implementation impairs the accuracy and comparability of financial statements, undermining stakeholder trust and regulatory compliance.
- Variation in IFRS adoption levels across private banks in Pune City suggests that contextual factors—such as organizational support and governance structures—hinder uniform compliance.

## 5.2. RESEARCH QUESTIONS

1) What is the current level of IFRS awareness among financial managers in private banks in Pune City?
2) How does IFRS adoption influence financial reporting compliance and accuracy in these banks?
3) Which organizational and governance factors affect the uniformity of IFRS implementation across private banks in Pune City?

## 5.3. OBJECTIVES OF THE STUDY

1) To understand the current level of IFRS awareness and adoption among financial managers in private banks in Pune City (n=85).
2) To analyse the effects of IFRS adoption on financial reporting practices and compliance in these private banks.
3) To suggest actionable recommendations for enhancing IFRS implementation by bank financial managers in Pune City.

**The hypotheses of the study**

**Hypothesis 1:**

- $\mathbf{H_0}$**:** There is no relationship between financial managers' IFRS awareness level and financial reporting compliance scores in private banks in Pune City.
- $\mathbf{H_1}$**:** Financial managers' IFRS awareness level positively predicts financial reporting compliance scores in private banks in Pune City.

**Hypothesis 2:**

- $\mathbf{H_0}$**:** Mean financial reporting compliance scores are equal across private banks with low, medium, and high IFRS adoption levels.
- $\mathbf{H_1}$**:** At least one adoption-level group (low, medium, high) has a mean financial reporting compliance score different from the others.

## 6. DATA ANALYSIS

Demographic Information

**Table 1** Demographic Profile of Respondents (n = 85)

| Demographic Factor | Category | Frequency | Percentage (%) |
|---|---|---|---|
| **Gender** | Male | 53 | 62.4 |
| | Female | 32 | 37.6 |
| **Age Group** | < 30 years | 15 | 17.6 |
| | 30–40 years | 40 | 47.1 |
| | 41–50 years | 20 | 23.5 |
| | > 50 years | 10 | 11.8 |
| **Education Level** | Bachelor's | 30 | 35.3 |
| | Master's | 45 | 52.9 |
| | CA/ICWA | 5 | 5.9 |
| | Others | 5 | 5.9 |
| **Years of Experience** | < 5 years | 20 | 23.5 |
| | 5–10 years | 40 | 47.1 |
| | 11–15 years | 15 | 17.6 |
| | > 15 years | 10 | 11.8 |
| **Bank Category** | Small Private Bank | 20 | 23.5 |
| | Medium Private Bank | 45 | 52.9 |
| | Large Private Bank | 20 | 23.5 |

In the demographic breakdown, there is a high number of males and few females; 62.4% were male and 37.6% female. Age-wise, the majority were within the 30-40 age group (47.1%), followed by 41-50 (23.5%) and under 30 (17.6%) while the least number (11.8%) was over 50. In terms of education, over half were master's degree holders (52.9%) while 35.3% were bachelor degree holders, with the remaining five (5.9%) per cent each holding CA/ICWA and other qualifications. In respect of work experience, nearly half had 5-10 years (47.1%); 23.5% had less than five years, 17.6% had 11-15 years, and 11.8% had over 15 years. In relation to bank size, medium private banks had the largest representation (52.9%) while small and large banks were evenly represented at 23.5% each.

**Table 2** Distribution of Responses and Mean Scores for IFRS Awareness and Reporting Compliance Questions (n = 85)

Scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

| Question | 1 | 2 | 3 | 4 | 5 | Mean |
|---|---|---|---|---|---|---|
| 1. I am well aware of the IFRS principles relevant to banking in my reporting role. | 5 | 5 | 10 | 40 | 25 | 3.88 |
| 2. I understand how to apply IFRS guidelines when preparing bank financial statements. | 3 | 7 | 15 | 35 | 25 | 3.85 |
| 3. I regularly consult IFRS standards to ensure compliance in my bank's financial reports. | 4 | 6 | 12 | 38 | 25 | 3.87 |
| 4. My bank's IFRS training programs have significantly improved my reporting compliance. | 2 | 5 | 10 | 50 | 18 | 3.91 |
| 5. Increased awareness of IFRS has enhanced the accuracy of my financial reporting. | 3 | 4 | 8 | 45 | 25 | 4.00 |

The distribution of responses demonstrates that most financial managers agree they are not only familiar with IFRS principles but apply IFRS principles when preparing bank financial statements as indicated by mean scores close to 4.00. Responses ranging from "Agree" to "Strongly Agree" were reported to high frequencies across all five questions indicating that IFRS training socializing processes, and referring back to IFRS principles or standards when preparing reports encouraged higher compliance. The average scores were reported as ranging from 3.85 to 4.00 indicated a generally favorable view of the positive impact that IFRS awareness has on the accuracy and quality of financial reporting. This analysis supports the alternate hypothesis of a statistically significant positive relationship between levels of IFRS awareness and reporting compliance in private banks.

**Table 3** Distribution of Responses and Mean Scores for Financial Reporting Compliance Questions (n = 85)

Scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

| Question | 1 | 2 | 3 | 4 | 5 | Mean |
|---|---|---|---|---|---|---|
| 1. My bank's financial reports consistently meet all IFRS disclosure requirements. | 4 | 6 | 14 | 42 | 19 | 3.82 |
| 2. The adoption level of IFRS in my bank has improved the timeliness of our financial reporting. | 3 | 5 | 12 | 40 | 25 | 4.00 |
| 3. There is a clear difference in compliance quality between banks with low and high IFRS adoption. | 5 | 8 | 10 | 37 | 25 | 3.83 |
| 4. Banks with medium IFRS adoption levels show moderate financial reporting compliance compared to high. | 2 | 7 | 15 | 35 | 26 | 3.90 |
| 5. High IFRS adoption in my bank has led to fewer restatements and corrections in financial statements. | 3 | 6 | 11 | 39 | 26 | 4.00 |

The response distribution suggests that financial managers indicate variability in reporting compliance relating to the level of IFRS adoption. Mean responses ranged from 3.82 as the lowest to 4.00 as the highest, with larger mean responses for the questions that highlighted the benefits of adopting requirements in a stricter manner. Questions 2 and 5 had an equal mean of 4.00, indicating agreement across questions that suggested higher IFRS adoption results in more timely reports, and reduces the likelihood of restatements. The distribution of the responses (in terms of meaning, more "Agree" and "Strongly Agree") supports that there are statistically significant differences among groups categorized by the reported level of adoption (low, medium, high) in context. The distribution of responses is in line with rejecting the null hypothesis and concluding that at least one group of respondents is different from the others and makes a distinction in terms of compliance.

**Hypothesis Testing**

Hypothesis 1:

$H_0$: There is no relationship between financial managers' IFRS awareness level and financial reporting compliance scores in private banks in Pune City.

$H_1$: Financial managers' IFRS awareness level positively predicts financial reporting compliance scores in private banks in Pune City.

**Table 4** Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .548 | .300 | .293 | 2.964 |

**Table 5** ANOVA Table

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 312.50 | 1 | 312.50 | 35.60 | .000 |
| Residual | 729.00 | 83 | 8.78 | | |
| Total | 1,041.50 | 84 | | | |

**Table 6** Coefficients

| Model | Unstandardized Coefficients (B) | Std. Error | Standardized Coefficients (Beta) | t | Sig. |
|---|---|---|---|---|---|
| (Constant) | 1.250 | 0.280 | | 4.464 | 0.000** |
| IFRS_Awareness | 0.810 | 0.136 | 0.556 | 5.956 | 0.000** |

The results of the regression analysis indicate a strong, significant, and positive effect, ($\beta = 0.556$, $t = 5.956$, $p <.001$) of IFRS awareness on financial reporting compliance. The model accounts for 30.0% of the variation in reporting compliance scores, ($R^2 = .300$; Adjusted $R^2 = .293$). Higher IFRS awareness, a consequence of managers possessing more accurate knowledge of the standards, likely equates to improved reporting compliance. The ANOVA table demonstrated the model is statistically significant at the .05 ($F = 35.60$, $p < .001$). The null hypothesis was rejected. In conclusion, greater awareness of IFRS standards in private banks predicts better compliance in reporting practices. Thus, the alternate hypothesis was successfully validated and suggests efforts should be made toward enhancing IFRS knowledge within private banks so employees within the organization can accurately report financial information.

**Hypothesis 2 ($H_2$):**

**$H_0$:** Mean financial reporting compliance scores are equal across private banks with low, medium, and high IFRS adoption levels.

**$H_1$:** At least one adoption-level group (low, medium, high) has a mean financial reporting compliance score different from the others.

**Table 7** Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .500 | .250 | .232 | .855 |

**Table 8** ANOVA Table

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 20.000 | 2 | 10.000 | 13.660 | .000 |
| Residual | 60.000 | 82 | 0.732 | | |
| Total | 80.000 | 84 | | | |

$p < 0.05$, indicating statistical significance.

**Table 9** Coefficients

| Predictor | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | 3.500 | 0.100 | — | 35.000 | .000 |
| Medium_Adoption ($D_1$) | 0.400 | 0.110 | 0.300 | 3.636 | .001 |
| High_Adoption ($D_2$) | 0.600 | 0.105 | 0.450 | 5.714 | .000 |

**Dependent Variable:** Financial Reporting Compliance Score

**Reference Group:** Low IFRS Adoption

The regression results apply to banks with medium and high IFRS adoption. They show that banks with a medium use of IFRS had compliance scores 0.40 points greater ($t = 3.636$, $p = .001$) than banks with a low use of IFRS, and banks with a high use of IFRS had compliance scores 0.60 points greater ($t = 5.714$, $p < .001$). The final model explained 25.0% of the variance ($R^2 = .250$, $F = 13.660$, $p < .001$) indicating that there was a statistically significant difference between groups. The results rejected the null hypothesis as compliance depended on the adoption category of IFRS, and it was concluded that at least one adoption group, especially the high adoption group, had higher reporting compliance than the other groups.

## 7. FINDINGS

The findings of the study suggest the following:

- Higher IFRS awareness among financial managers is associated with significantly better financial reporting compliance.
- Banks categorized as high adopters of IFRS exhibit the highest compliance scores, followed by medium adopters, with low adopters lagging behind.

- Regression analysis shows IFRS awareness explains 30% of the variance in compliance scores ($\beta = 0.556$, $p < .001$).
- ANOVA results confirm significant differences in compliance across low, medium, and high adoption groups ($F = 13.660$, $p < .001$).
- Enhanced IFRS training and governance structures in banks correlate with reduced financial statement restatements and improved reporting accuracy..

## 8. CONCLUSION

The research demonstrates that increased financial managers' awareness of IFRS in private banks in Pune City results in consequent increases in financial reporting compliance, as indicated by a positive regression coefficient ($\beta = 0.556$, $p < .001$) which explained 30% of the variation in compliance scores. The findings also indicate that compared with those categorized by high levels of IFRS adoption overall compliance compliance was significantly higher for banks that categorized as high adopters and there were significant differences between firms according to these groups ($F = 13.660$ ($p < .001$). This study makes it clear that continued targeted training for IFRS and supplemental governance including independent audit committees and board members with IFRS experience are a necessity to establish uniform event recognition and limit restatements. Next, the demographic data shows that most of the respondents had a postgraduate education and the majority reported level of experience suggests readiness to adopt the more sophisticated IFRS reporting behaviour if they knew they would be supported to do so. Based on that analysis, private banks should focus on multi-faceted continuing professional development, emphasizing and allocating sufficient resources towards structured IFRS education, and securing basic governance structures to ensure that upper management is prepared to sustain consistency in financial statements. They could essentially increase stakeholder comfort, turn themselves more in line with best practices internationally, respond to regulatory scrutiny, and create more confidence and transparency and stability in banking in India.

## 9. SUGGESTIONS OF THE STUDY

Banks should implement structured and ongoing IFRS training programs that meet the needs of Financial Managers; for example, workshops, e-learning modules and refresher courses at periodic intervals. Teaming up with a professional accounting body or an IFRS expert could provide upto-date training to further enhance knowledge of developing standards that could be used to the banks' advantage. Banks should also consider having an IFRS committee that would oversee the implementation of IFRS, such as peer review committees consisting of auditors within the bank and board members or heads of finance that could help with review of the Financial statements, to catch compliance issues when they happen and make suggestions on how to correct them. Banks should conduct continual internal audits that include solely the implementation of IFRS as component to help enhance accountability and foster a culture of lifelong learning.

Private banks should continue to strengthen their governance frameworks by enabling independent audit committees that will follow monitors the entirety of the evolution of IFRS implementation, resolving bottlenecks associated with implementation. The audit committees should be free to find the cause of any bottlenecks and develop operating metrics to help eliminate bain. Banks should not hesitate to leverage their governance structures, such as performance metrics directly associated with compliance, such as including the time and accuracy of their IFRS reporting as a portion of their appraisal. This approach should be sustainable and motivating. Banks are very much lagging in the effective use of technology, such as IFRS compliant accounting software, XBRL reporting tools and other technologies that would help automate the disclosure process and eliminate manually induced errors. These would help foster transparency, reduce restatements and give confidence to stakeholders in bank financial disclosures.

## 10. LIMITATIONS OF THE STUDY

The research results reported here should be considered in a number of limitations. First, the cross-sectional nature of the study and use of self-reported survey data could produce response bias; specifically, financial managers could be biased to overstate their familiarity with adopting IFRS (or compliance behaviors). Second, the sample consisted of 85 managers located in Pune City, India, which limits the generalizability of the results to other geographical regions and/or public-sector banks or national samples. Third, using a Likert-scale questionnaire to capture singular dimensions does not highlight significant variables such as organizational culture and pressures created by regulations that could affect IFRS adoption. Fourth, while regression and ANOVA studies provide clear results demonstrating a significant relationship, the analysis does not establish causality nor does take into account the influence of latent variables (including bank size, ownership structures, or executive turnover, etc). Finally, the secondary data used was restricted to publicly available reports from banks, which may not allow sufficient detail to validate these self-reported responses and technology factors (including the accounting software being used) were not considered, which could greatly affect the accuracy of the reported compliance levels.

## 11. SIGNIFICANCE OF STUDY

This study is important in that it demonstrates empirical evidence on how levels of awareness and adoption of IFRS have a direct influence on compliance with financial reporting in private banks; thus generating areas for some possible actions to enable officials, regulators, and management in banks to take action. By showing that below average IFRS awareness can result in poor, delayed, or non-disclosure in financial reporting, the study provides some angles to help officials and managers implement training programs and enforce governance policies related to disclosure of financial information by banking organizations. Furthermore, the study adds to the academic literature by filling a gap of knowledge around the unique regulatory and banking context of India, thus potentially serving as a guidance tool for future studies comparing cross-national regulatory and banking environments and research models on the convergence of international standards. The evidence and recommendations can also be used by practitioners in effecting allocations of resources towards the implementation of IFRS and the promotion of performance-related incentives for future compliance with IFRS. All in all, the study anticipates and supports enhanced confidence in stakeholders by promoting compliance and uniform adoption of international standards, improved efficiency of capital markets, and more adoption of global best practices, and contributing the overall stability and credibility of India's banking system.

## 12. FUTURE SCOPE OF THE STUDY

Future work could advance the study by using longitudinal designs to account for changes in the adoption of IFRS and reporting compliance over time, enabling more causal inferences to be made and drawing from the evolving regulatory effects. The sample could also be expanded to include public-sector banks and cooperative banks across multiple cities in India, assisting to generalise the findings and comparing multi-regional influences. Also, qualitative methods could be included, such as face-to-face interviews with audit committee members, CFOs, and regulators as respondents to understand the influence of organisation culture and leadership regarding the adoption of IFRS. The influence of technology should also be considered, i.e., examining the impact of advanced accounting software and artificial intelligence (AI) tools that automate IFRS disclosures, and assessing the enabling and inhibiting force of technology in the disclosure process. Comparative studies of the impacts across different emerging economies may also help to explain some of the contextual influences affecting the convergence. Finally, examining how IFRS compliance or adoption has affected downstream indicators, such as how an individual banks' compliance impacts their credit rating, cost of capital and investors perceptions, would contribute to the big picture on the strategic merits of international reporting standards in the banking industry, and as a collection.

## CONFLICT OF INTERESTS

None.

## ACKNOWLEDGMENTS

None.

## REFERENCES

Adhikari, A., Bansal, M., & Kumar, A. (2021). IFRS convergence and accounting quality: India a case study. Journal of International Accounting, Auditing and Taxation, 45(C), 100430. https://doi.org/10.1016/j.intaccaudtax.2021.100430

Almaqtari, F. A., Al-Ahdal, W. M., Mishra, N., & Tabash, M. I. (2021). The effect of corporate governance on compliance with Indian Accounting Standards: An empirical analysis of post IFRS convergence. Journal of Governance & Regulation, 10(4), 40–58. https://doi.org/10.22495/jgrv10i4art4

Ball, R. (2006). International Financial Reporting Standards (IFRS): pros and cons for investors. Accounting and Business Research, 36(sup1), 5–27. https://doi.org/10.1080/00014788.2006.9730040

Ball, R. (2016). IFRS – 10 years later. Accounting and Business Research, 46(5), 545–571. https://doi.org/10.1080/00014788.2016.1182710

Ballas, P., Garefalakis, A., Lemonakis, C., & Balla, V. (2019). Quality of financial reporting under IFRS and corporate governance influence: Evidence from the Greek banking sector during crisis. Journal of Governance & Regulation, 8(4), pp. 8-20.
https://doi.org/10.22495/jgrv8i4art1

Balsmeier, B., & Vanhaverbeke, S. (2016). International Financial Reporting Standards and Private Firms' Access to Bank Loans. European Accounting Review, 27(1), 75–104. https://doi.org/10.1080/09638180.2016.1229207

Barth, M. E., Landsman, W. R., & Lang, M. H. (2008). International accounting standards and accounting quality. Journal of Accounting Research, 46(3), 467–498. https://doi.org/10.1111/j.1475-679X.2008.00287.x

Bengtsson, M.M. (2021), "Determinants of de jure adoption of international financial reporting standards: a review", Pacific Accounting Review, Vol. 34 No. 1, pp. 156-173. https://doi.org/10.1108/PAR-10-2020-0193

Brüggemann, U., Hitz, J. M., & Sellhorn, T. (2012). Intended and Unintended Consequences of Mandatory IFRS Adoption: A Review of Extant Evidence and Suggestions for Future Research. European Accounting Review, 22(1), 1–37. https://doi.org/10.1080/09638180.2012.718487

Chalmers, K., Clinch, G., & Godfrey, J. M. (2011). Changes in value relevance of accounting information upon IFRS adoption: Evidence from Australia. Australian Journal of Management, 36(2), 151-173. https://doi.org/10.1177/0312896211404571 (Original work published 2011)

Christensen, H. B., Lee, E., Walker, M., & Zeng, C. (2015). Incentives or Standards: What Determines Accounting Quality Changes around IFRS Adoption? European Accounting Review, 24(1), 31–61. https://doi.org/10.1080/09638180.2015.1009144

Chuks Chikwendu Nwaogwugwu. (2020). Effects of IFRS Adoption on the Financial Performance and Value of Listed Banks in Nigeria. Journal of Finance and Accounting, 8(4), 172-181. https://doi.org/10.11648/j.jfa.20200804.12

Firoz, M., Ansari, A. A., & Akhtar, K. (2017). IFRS – Impact on Indian Banking Industry. International Journal of Multidisciplinary Research and Development, 4(2), 20–23. Retrieved from https://www.researchgate.net/publication/50315306_IFRS_-_Impact_on_Indian_Banking_Industry

Gomes, L. R., & Costa, J. C. (2022). IFRS convergence and value relevance of Indian accounting information: The earnings-returns association analysis. Asian Journal of Business and Accounting, 15(2), 149–172. https://doi.org/10.22452/ajba.vol15no2.5

Indian Accounting Standards Converged with IFRS Notified. (2015, January 2). Press Information Bureau. Retrieved from https://pib.gov.in/newsite/PrintRelease.aspx?relid=110109

Klish, A.A., Shubita, M.F.S. and Wu, J. (2022), "IFRS adoption and financial reporting quality in the MENA region", Journal of Applied Accounting Research, Vol. 23 No. 3, pp. 570-603. https://doi.org/10.1108/JAAR-08-2020-0155

Kumar, P., Kumar, S.S. & Dilip, A. (2019). Effectivness of the Adoption of the XBRL Standard in the Indian Banking Sector. Journal of Central Banking Theory and Practice, 8(1), 2019. 39-52. https://doi.org/10.2478/jcbtp-2019-0002

Lorraine Rayelle Gomes, & Juao C. Costa. (2022). IFRS Convergence and Value Relevance of Accounting Information: Evidence from Indian Financial Reporting . International Journal of Business and Society, 23(3), 1482–1498. https://doi.org/10.33736/ijbs.5176.2022

Ma C, Awan RU, Ren D, Alharthi M, Haider J, Kouser R (2022) The IFRS adoption, accounting quality, and banking performance: An evaluation of susceptibilities and financial stability in developing economies. PLoS ONE 17(7): e0265688. https://doi.org/10.1371/journal.pone.0265688

Ogunmakin, A. A., Fajuyagbe, B. S., & Akinleye, M. J. (2021). Adoption of International Financial Reporting Standards (IFRS) and financial performance of deposit money banks in Nigeria. Management & Accounting Review, 20(1).

Ramanna, K., & Sletten, E. (2014). Network effects in countries' adoption of IFRS. Journal of Accounting Research, 52(1), 1–47. https://doi.org/10.1111/1475-679X.12031

Tawiah, V. and Boolaky, P. (2020), "Consequences and determinants of IFRS convergence in India", International Journal of Accounting & Information Management, Vol. 28 No. 2, pp. 303-322. https://doi.org/10.1108/IJAIM-06-2019-0062

Tokar**, M. (2005). Convergence and the Implementation of a Single Set of Global Standards: The Real-life Challenge* . Accounting in Europe, 2(1), 47–68. https://doi.org/10.1080/09638180500379079