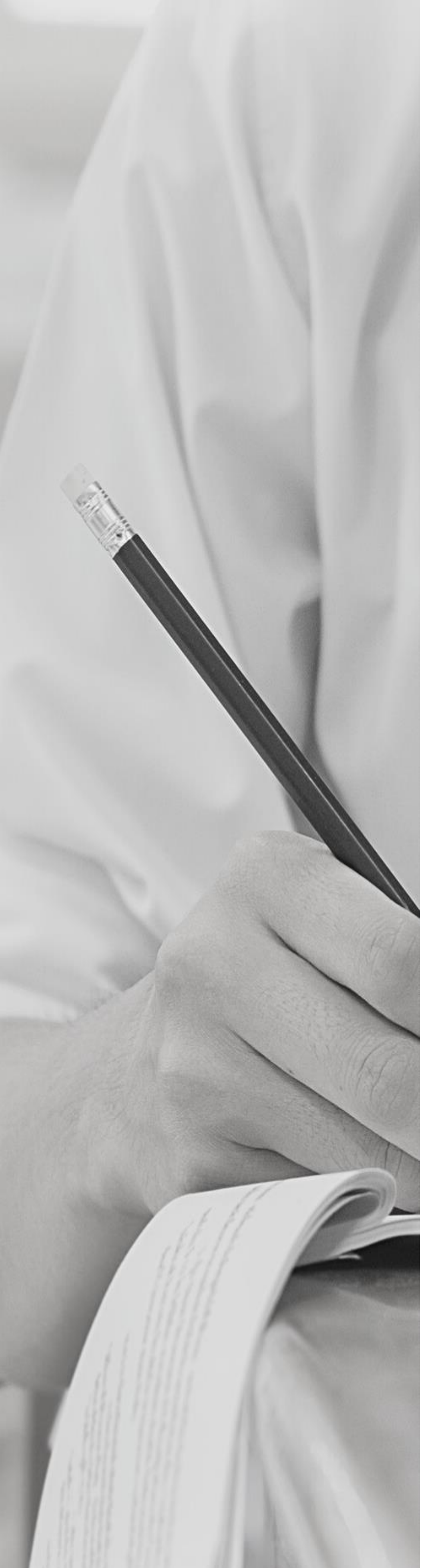

PROJECT REPORT ON

"International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) reported by the banking industry in the context of Bangladesh"

BY SAIDUL HASAN RAIBI

FEBRUARY 29, 2024

United International University

Project Report on:

"International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) reported by the banking industry in the context of Bangladesh"

Supervised by:

Dr. James Bakul Sarkar

Associate Professor & Coordinator

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Submitted By:

Saidul Hasan Raibi

ID: 114 192 005

BBA in Accounting and Information System

United International University

Date of submission: February 29, 2024

Letter of Transmittal

February 29, 2024

To

Dr. James Bakul Sarkar

Associate Professor & Coordinator

School of Business and Economics

United International University

Subject: Submission of project report on **“International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) reported by the banking industry in the context of Bangladesh”.**

Dear Sir,

Assalamu Alaikum, I intend to present my project report on "International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applied by the banking industry in Bangladesh" to fulfill the requirements for my Bachelor of Business Administration degree in Accounting Information System from United International University. I made a concerted effort to meticulously develop a report that provides an in-depth analysis of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) in the banking industry of Bangladesh, with a focus on NCC Bank Limited. This project is a compilation of my learning experiences and in-depth reflections on the issue, sourced from journals, internet portals, websites, and many credible data sources.

The project was completed with the assistance of your great suggestions and directions. I appreciate your kind sentiments and excellent collaboration. I endeavored to complete the assignment with precision and I hope that my efforts met your expectations.

Sincerely yours,

Saidul Hasan Raibi

ID: 114 192 005

BBA in AIS, United International University

Bonafide Certificate

I attribute the successful completion of this project report only to the immense kindness and grace of Almighty Allah (SWT).

I want to express my gratitude to my project supervisor, Dr. James Bakul Sarkar, for his significant effort, time, and encouragement that greatly contributed to the completion of this project. I also appreciate the administration of United International University (UIU) for providing a supportive learning environment.

Dr. James Bakul Sarkar

Associate Professor & Coordinator

School of Business and Economics

United International University

Declaration of the student

This is to certify, on behalf of myself, Saidul Hasan Raibi (ID: 114 192 005) that the project paper on "International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) reported by the banking industry in the context of Bangladesh" has been authored entirely by me, with the guidance of Dr. James Bakul Sarkar (Associated Professor of United International University). I have researched NCC Bank Limited of Bangladesh and its accounting practices from the perspective of the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

In addition, I certify that this report has not been previously submitted to any other publications, organizations, books, magazines, or research centers, and that its preparation is solely for the purpose of fulfilling the final year requirement, which is a mandatory prerequisite for the completion of my bachelor's degree at United International University.

Saidul Hasan Raibi

ID: 114 192 005

BBA in Accounting and Information System

School of Business and Economics

United International University

Signature: _______________

Acknowledgment

To begin with, I would like to express my sincere appreciation and gratitude to my honorable professor Dr. James Bakul Sarkar. Throughout the period, I encountered numerous obstacles; however, with the correct direction, inspiration, and advice, I was able to complete my report.

I wish to express my gratitude to those who have assisted me in various ways and under various circumstances to provide me with the information and understanding that have completed this project.

Lastly, I would like to extend my sincere gratitude to UIU for providing me with the chance to enhance the quality of my life and make it more acceptable for the future days. It has been an amazing learning experience for me to become the fittest person in the world throughout the years.

Abstract

This research paper examines the implementation of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) in the banking industry of Bangladesh, with a focus on NCC Bank Limited. The study begins with an introduction to the concept of accounting standards and the role of IFRS and IAS in financial reporting. The research then moves on to discuss the historical background of National Credit and Commerce (NCC) Bank Limited, one of the leading private commercial banks in Bangladesh, and its adoption of IFRS and IAS. The study finds that the adoption of IFRS and IAS has brought about several advantages for the banking industry in Bangladesh, such as enhanced comparability and transparency in financial reporting, improved access to international finance markets, and increased foreign direct investment attractiveness. However, the transition has also presented several challenges, such as the high cost and complexity of implementation, limited understanding of new standards by financial statement users, the requirement for thorough training of accountants and financial professionals, and the necessity for legal and regulatory adjustments. The research also highlights the role of the board of directors and senior management in the adoption and effective use of IFRS and IAS at NCC Bank Limited. The study finds that top management and the board of directors are crucial to the adoption and effective use of IFRS at NCC Bank Limited. Along with that, the research looks at how IAS and IFRS affect the financial performance of NCC Bank Limited. The study reveals that while the implementation of IFRS has enhanced the accuracy of financial reporting, it has also changed how financial instruments, revenue, and leases are recognized and measured. In addition, the research suggests the following suggestions for the banking sector in Bangladesh: continuous education and training, strengthening the role of the board of directors, legal and regulatory adjustments, encouraging foreign direct investment, promoting transparency and comparability, monitoring and evaluation, public awareness and education.

Keywords: IFRS and IAS adoption in Bangladesh banking, NCC Bank Limited, Advantages of IFRS and IAS adoption, Challenges in implementing IFRS and IAS, High cost and complexity of implementation, Role of board of directors and senior management, Impact on financial performance.

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Chapter 1: Introduction

1.1 Introduction

"Accounting Standard" is an internationally accepted governing principle that establishes the policies and practices of financial accounting, according to the definition. Furthermore, International Accounting Standards (IAS) and International Financial Accounting Standards (IFRS) are financial accounting standards.

The implementation of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) by banks in Bangladesh has been an intricate procedure including regulatory modifications, global cooperation, and the need for improved financial disclosure. This research will examine the chronological history, regulatory systems, challenges, and overall effect of adopting IAS and IFRS in the banking industry of Bangladesh.

- ❖ **Initial Adoption:** The adoption process began in the early 2000s when the Bangladesh banking sector realized the need to conform its accounting methods to global norms. This recognition was driven by the increasing interdependence of the worldwide financial system and the need for uniform financial reporting internationally. The Bangladesh Bank played a significant role in leading this change as the primary regulatory body.
- ❖ **Bangladesh Bank Directives:** The Bangladesh Bank announced guidelines detailing the plan for banks to implement International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). These directives established a set of rules outlining the specific deadlines and criteria that needed to be met for compliance.
- ❖ **Phased Implementation:** A phased implementation strategy was chosen in recognition of the considerable variation in size and intricacy within the financial industry. Due to their resources and capabilities, larger banks were often required to implement the rules before smaller ones. This gradual method helped make the transition simpler for banks to adjust their systems, educate their personnel, and tackle any operational issues.
- ❖ **Timeline for Implementation:** The adoption procedure took place over a number of years, which is indicative of the regulatory bodies' methodical and careful attitude. The Bangladesh Bank established precise dates for compliance, allowing banks sufficient time to assimilate the changes and execute the required modifications. This schedule was essential for navigating the complexities of the shift, given the varied nature of banks in Bangladesh.

- **Regulatory Updates:** Regulatory changes were crucial for the adoption process. Changes were made to the Banking Companies Act and other financial rules to align with worldwide norms. The changes established a legislative framework for compliance and demonstrated regulatory authorities' commitment to harmonizing Bangladesh's financial industry with international standards.
- **Training and Capacity Building:** Capacity development and training programs were crucial in aiding a seamless adoption process. The banking industry invests in training programs for financial professionals to improve their skills and expertise. Accountants and auditors were provided with workshops, seminars, and training sessions to acquaint them with the intricacies of IAS and IFRS. The focus on capacity development was a deliberate decision to guarantee that the staff was adequately prepared to handle the intricacies of the new requirements.
- **International Cooperation:** International collaboration became a fundamental aspect of the adoption process. Financial regulators and accounting agencies in Bangladesh worked along with international organizations like the International Accounting Standards Board (IASB). This relationship enabled the sharing of expertise, best practices, and insights on the worldwide implementation of IAS and IFRS. Bangladesh was able to synchronize its adoption process with worldwide advancements, ensuring that local standards remained relevant and in line with global trends.
- **Continuous Monitoring and Updates:** The post-adoption period has been defined by continuous monitoring and updates. Regulatory agencies often revise accounting rules to synchronize with worldwide modifications. This dynamic strategy guarantees continuous compliance and significance in a swiftly changing financial environment. The repetitive modifications demonstrate a dedication to keeping up with global advancements and adjusting the regulatory framework to tackle new difficulties.
- **Challenges Faced:** Nevertheless, the adoption process faced hurdles. Some institutions struggled to understand and apply certain requirements, underscoring the need for more advice and clarity. The varied composition of the banking sector, including big international banks and smaller regional institutions, posed a problem in assuring consistent comprehension and implementation of the standards across the industry. Resolving these difficulties required continuous contact among regulatory authorities, banks, and accounting experts.

As a result of regulatory directives, international cooperation, and a phased implementation strategy, the adoption of IAS and IFRS by banks in Bangladesh can be characterized as a thorough and methodical undertaking. The timeframe, legislative revisions, capacity development programs, and international collaboration demonstrate the Bangladesh banking sector's dedication to following global accounting standards. The obstacles encountered in the adoption process highlight the need for consistent communication, advice, and an adaptable regulatory framework to manage the intricacies of changing financial reporting requirements. This adoption has a significant effect that goes beyond just meeting requirements. It represents a change in the financial reporting environment of Bangladesh, promoting openness, comparability, and alignment with the global financial community.

The primary objective of the International Accounting Standards Board (IASB) is to standardize and eradicate these variations in financial statement preparation and presentation procedures, regulations, and accounting principles by implementing International Financial Reporting Standards (IFRS). The International Accounting Standards Board's International Financial Reporting Standards (IFRS) are widely recognized as the preeminent global reporting standards for accounting information on a global scale. Over one hundred nations presently mandate or permit the utilization of International Financial Reporting Standards (IFRS) inside their jurisdictions. Several countries have already indicated their intention to implement International Financial Reporting Standards (IFRS) inside their jurisdictions. Regarding the legislative frameworks, IFRS is presently applicable in these countries. The relevance of IFRS rose since it enhanced the comparability of financial information for investors and promoted international investment. Studies have shown that implementing International Financial Reporting Standards (IFRS) leads to reduced capital expenses for companies and improved efficiency in allocating capital.

1.2 Introduction of the organization

The organization commenced operations in the nation's financial sector in 1985 as an investment firm. The business's objective was to gather internal resources and allocate them strategically to foster the growth of the country's Industrial and Trade Sectors. Additionally, the company aimed to play a pivotal role in the establishment of the capital market. The corporation greatly benefited from its affiliation with the browser in these regards. The corporation functioned until 1992, operating 16 branches. Subsequently, with the approval of the Central Bank, it transitioned into a fully-fledged private commercial bank in 1993, with a paid-up capital of Tk. 39.00 crore. This transformation allowed the bank to serve the nation on a wider scale.

NCC Bank PLC has gained a remarkable reputation since its establishment by offering true individualized service to its clients in a technologically advanced setting. The Bank has established a novel benchmark in lending for the Industrial, Trade, and Foreign exchange sectors. The Bank's diverse range of deposit and credit products has also appealed to both corporate and individual clients who find it convenient to conduct business with the Bank. However, before the establishment of accounting standards, individual companies devised and employed their own approaches to the preparation and disclosure of financial information. In response to the stock-market disaster of the 1930s, the American Institute of Accountants (AIC) and the New York Stock Exchange (NYSE) collaborated to create the Commission on Accounting Procedures (CAP), which put out five fundamental accounting principles.

The Institute's members incorporated an additional principle, thereby augmenting the overall count to six, to improve accounting methods. The Securities Act of 1933 and the Securities Exchange Act of 1934 were enacted by regulatory bodies to establish the Securities and Exchange Commission (SEC). The SEC was assigned the responsibility of examining corporations' regular submissions to verify adherence to SEC regulations, namely in terms of complete transparency, precise financial reporting, and comparability.

Accounting principles dictate the precise methods for recording and reporting economic occurrences. It aids in guaranteeing that the pertinent information is effectively communicated to external stakeholders, including as shareholders, banks, and regulators. Technical standards enhance accountability and transparency by establishing clear limits between various financial reporting measures. IFRS specifies how international corporations are obligated to maintain and disclose their financial accounts, in addition to describing a variety of financial transactions. The accounting standard is founded on principles and serves as a foundation for consumers, businesses, and investors to analyze financial information and draw conclusions.

The primary objective of International Financial Reporting Standards (IFRS) is to establish a uniform framework for openness, efficiency, and accountability in global markets. IFRS characteristics are crucial for firms as they let investors allocate their investments to companies with transparent business processes. IFRS regulations encompass several financial accounts, including cash flow statements, comprehensive income statements, balance sheets, and statements of changes in equity. The International Financial Reporting Standards (IFRS) are formulated and sanctioned by the International Accounting Standards Board (IASB), which is an autonomous non-governmental entity. The IFRS Foundation oversees the governance of the IASB. The International Accounting Standards Board (IASB) was founded in 2001 as a replacement for the International Accounting Standards Committee (IASC).

According to the IFRS Foundation Charter, the IASB has exclusive responsibility for all technical matters related to financial reporting under the IFRS Foundation. This includes: -

- Having complete authority to establish and implement Technology Targets, with some conditions such as public and fiduciary involvement.
- Developing and releasing IFRS and Exposure Draft standards in compliance with the due process requirements outlined in the constitution.

Approval of interpretations made by the IFRS Interpretations Committee.

Chapter 2: Organizational Background and Industry Perspective

2.1 Historical Background of National Credit and Commerce (NCC) Bank Limited:

The National Credit and Commerce Bank Limited (NCCBL) possesses a distinctive and individualistic heritage. Before commencing banking operations, the organization was first incorporated on November 25th, 1985 as an investment company under the name National Credit Limited, with a paid-up capital of TK.50 million. The conversion to a scheduled bank occurred due to several constraints on fund-collecting and distribution while it operated as an investment business. All forms of transactions were suspended for about 14 months starting from April 22nd, 1992. Upon receiving authorization from the Government of the People's Republic of Bangladesh and Bangladesh Bank, the investment business National Credit Limited transformed into a fully operational Commercial Bank.

The banking operations of National Credit and Commerce Bank Limited commenced on May 17, 1993, with a total of 16 branches. NCC Bank Limited is registered as a private commercial bank under the Company Act of 1994. Currently, there are a total of 106 branches, which includes 8 SME/Agri branches, and 27 booths located throughout Bangladesh.

NCC Bank Ltd. has gained a remarkable reputation since its establishment by offering truly customized service to its clients in a technology-driven setting. The Bank has established a new benchmark in funding for the Industrial, Trade, and Foreign exchange sectors. The Bank's diverse range of deposit and credit products has also appealed to both corporate and individual clients who find it convenient to conduct business with the Bank.

Corporate Slogan of NCC Bank Ltd.

"With You Always"

2.1.2 Vision

NCC Bank Ltd. aims to foster the development of a robust national economy and make substantial contributions to the public treasury.

2.1.3 Mission

To achieve the highest level of performance among private commercial banks in Bangladesh with respect to management, profitability, asset quality, capital adequacy, and efficiency.

NCC Bank will be at the forefront of national economic development by:

- Giving all customers business solutions and going above and beyond what they expect; and
- Continuing to bring in money from inside and outside of Bangladesh to help develop agriculture in Bangladesh and play a key role in the growth of the capital market.
- Becoming a world-class innovation leader in providing excellent customer value through a wide range of products, excellent customer service, and all of our activities.
- A team-based workplace that builds an interesting business that will attract, train, and keep highly skilled workers who will help enjoy the success of the bank's business, its customers, and the growth of the country.
- Uphold the best standards of ethics and community service that are expected of a responsible business and good person.
- Strive for ever-increasing output and profits, which will raise the value of the company's shares.

2.2 Industry scenario:

2.2.1 The objectives of NCC Bank Ltd. are as follows:

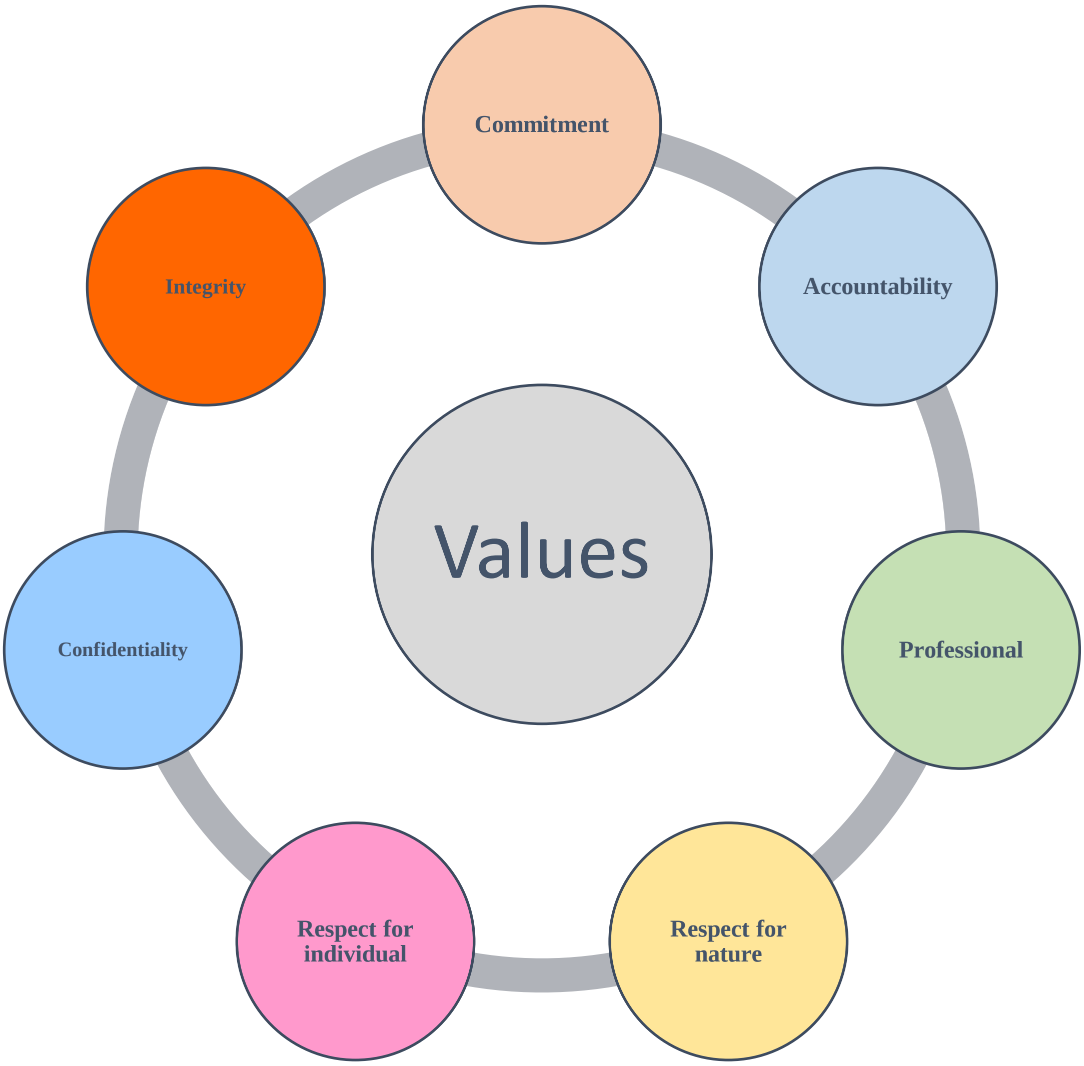
- To dominate the market among private commercial banks by 2025 in terms of both excellent loans and deposits.
- To become a proactive leader in the financial industry by creating innovative products that cater to the demands of society.
- To achieve a minimum 5% growth in our present market shares.
- To strengthen its branch network.
- To generate a positive Economic Value Addition (EVA) in the future.
- To achieve the highest level of cost efficiency compared to all other commercial banks in the country and become the market leader.
- By engaging in the most significant segments of the business market that we serve, we aim to establish ourselves as one of the leading financial institutions in the Bangladeshi economy.

2.2.2 The goals of NCC Bank Ltd.

- Achieve maximum profitability as a bank.
- Delivers optimal client satisfaction.
- Increase the value of investments made by shareholders and maximize the return on their capital.

2.2.3 Core Values of NCC Bank LTD

The fundamental values of NCC Bank Limited are essential in influencing the culture, ethical standards, and general reputation of the organization. By adhering to these principles, the bank may enhance its performance via the establishment of trust with customers, investors, and regulatory authorities, as well as the promotion of a positive and accountable corporate culture.



- **Commitment: Effects on NCC Bank Limited:** Demonstrating dedication is essential for NCC Bank Limited to uphold its commitments to stakeholders. This includes obligations to consumers about the standard of service, to investors for financial achievements, and to regulatory authorities for adherence to regulations. Demonstrating a resolute dedication may cultivate confidence and allegiance among clients, leading to the establishment of a favorable reputation in the market.
- **Accountability: Effects on NCC Bank Limited:** Accountability is crucial for NCC Bank Limited to uphold transparency and integrity in its operations. Accountability is crucial in ensuring that the bank accepts responsibility for its activities, especially in the areas of financial reporting, risk management, and regulatory compliance. The establishment of a culture centered on responsibility and answerability can enhance the bank's reputation and trustworthiness in the perspectives of regulatory bodies and clients.
- **Professionalism: Impacts on NCC Bank Limited:** NCC Bank Limited needs to be professional to offer good banking services. Exemplary behavior is required when engaging with customers, providing financial advice, and handling internal affairs. Creating and upholding a professional atmosphere aids the bank in attracting and retaining highly competent workers, while also bolstering its reputation within the competitive banking sector.
- **Integrity: Effects on NCC Bank Limited:** Honesty is a fundamental aspect of establishing trust in the banking industry. NCC Bank Limited upholds integrity by adhering to honest and ethical conduct across all its activities, encompassing financial transactions, lending processes, and customer interactions. Maintaining integrity is essential for establishing a favorable reputation and preserving the trust of clients and stakeholders.
- **Confidentiality's Impact on NCC Bank Limited:** Due to the delicate nature of financial data, ensuring confidentiality is of utmost importance for NCC Bank Limited. The bank possesses enormous quantities of personal and financial information, necessitating stringent compliance with confidentiality protocols to safeguard client privacy and deter unlawful entry. Maintaining secrecy enhances the overall security and credibility of the bank.

- **Individuals' respect:** Influence on NCC Bank Limited: Valuing persons is essential in NCC Bank Limited's customer engagements and staff relationships. Providing consumers with respectful treatment improves the whole customer experience and fosters customer happiness and loyalty. In addition, cultivating a culture that values and esteems individuals can result in a favorable work atmosphere, enhanced efficiency, and the ability to retain personnel.
- **Nature's Respect:** Possible Consequences for NCC Bank Limited: Although banks' traditional core principles may not expressly include environmental factors, the growing knowledge of environmental issues is impacting business activities. NCC Bank Limited, along with other banks, may exhibit reverence for nature by integrating sustainable practices into its operations, endorsing environmentally conscious initiatives, and advocating for sustainable financing. This is consistent with wider cultural norms about business accountability and the promotion of sustainable practices.

2.2.4 Hierarchical levels of management within NCC Bank Ltd.

NCC Bank Limited adheres to a contemporary hierarchical structure for its employees. It allows the bank to execute all essential activities with skill and accuracy. The organizational hierarchy facilitates the division of labor and specialization, while also ensuring an equitable distribution of work pressure across departments and workers. The entire hierarchy is illustrated below.

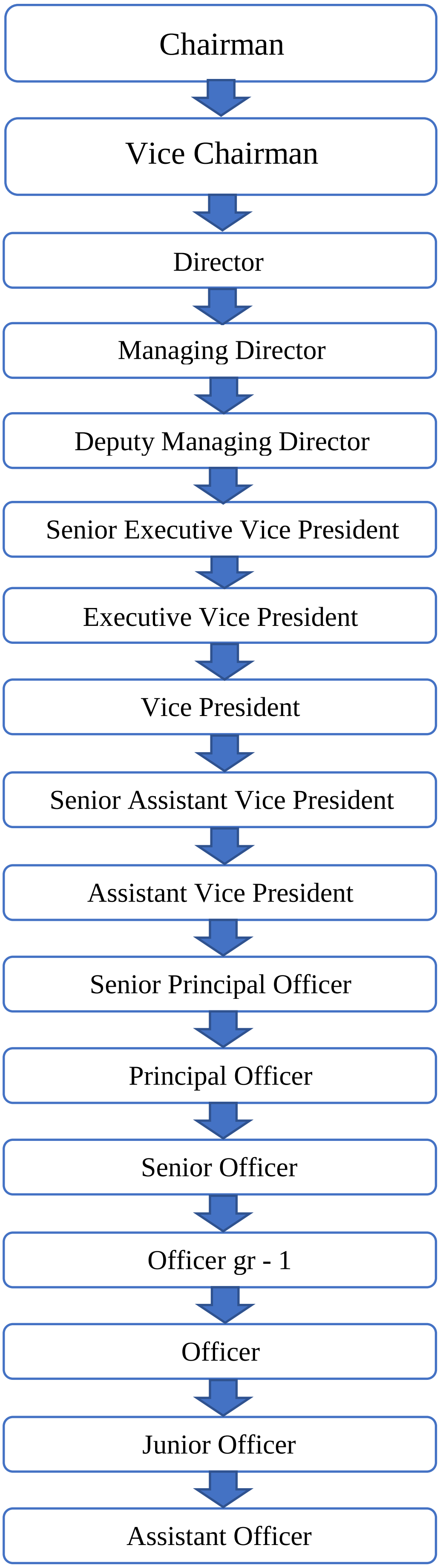


Figure 1: Hierarchy position of NCC bank

2.3 Operational Activities

2.3.1 Products and services offered by NCC Bank Limited

NCC Bank provides a variety of corporate and individual banking services to all sectors of society, in accordance with the guidelines and regulations established by regulatory authorities, including the central bank. The goods and services offered by NCCBL may be categorized into two distinct classifications, which are as follows:

2.3.2 Products of NCC Bank:

1. Generate Funds for Depository Products.
2. Financial Gain to Lending Product.
3. Money Transmission Product.
4. International Business Products.
5. Fee Earning Services.
6. Voluntary Services Products

2.3.3 Deposit Products:-

1. Current Deposit
2. Short Term Deposit
3. Savings Bank Deposit
4. Fixed Deposit
5. Special Savings Scheme Deposit
6. Special Deposit Scheme

2.3.4 Lending products:

1. Continuous Loan:

- Secured Over Draft
- Secured Over Draft Against Work Order /Real Estate etc.
- Cash Credit
- Cash Credit (Pledge)

2. Term Loan:

- Project Loan

- Transport Loan
- House Building Loan
- Lease Finance

3. Demand Loan:

- Loan General
- Ship breaking Demand Loan
- Documents Payment
- Loan against imported Merchandise
- Credit for Packing
- Overdraft Cash Incentive
- Documentary Foreign Bills Purchased (FDBP)
- Foreign Bill Purchased (FBP)

4. Other Loan:

- Small Business Loan
- Consumer Finance Scheme
- Lease Finance
- Personal Loan
- Working Capital Loan
- Car Loan

5. Agro Credit:

- Agro-based Credit
- Crop Loan

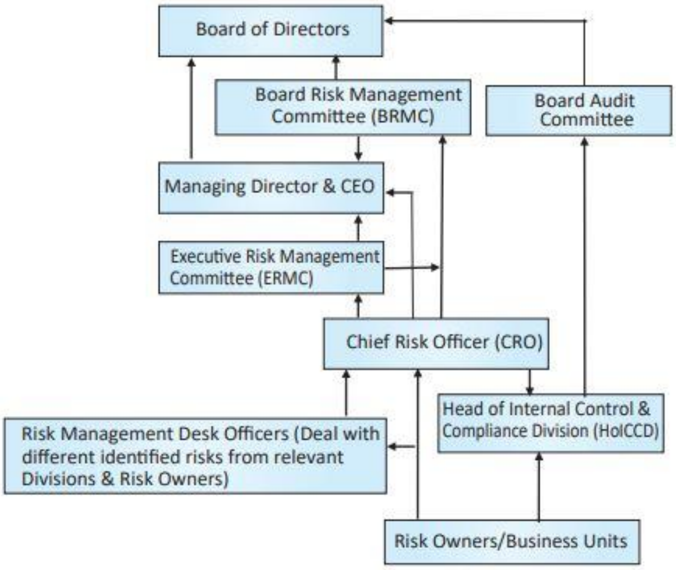
6. Special Credit Product:

- Credit Card
- Financing Scheme
- House Loan

7. Loan Product for Wage Earners:

- Mortgage Loan
- House Building Loan

2.3.5 NCC Bank Limited Risk Management Framework



NCC Bank Limited has a strong risk management framework that complies with regulatory standards and industry best practices. The bank's risk management framework is created to recognize, evaluate, and handle many kinds of risks, including credit, market, operational, and compliance risks. The bank's risk management framework comprises an articulated risk appetite statement, risk limits, risk monitoring and reporting, risk training and awareness programs, and a specialized risk management department. The Managing Director and CEO chairs the Risk Management Committee, which oversees the bank's risk management function.

2.3.7 NCC Bank's SWOT Analysis:

SWOT analysis is a method used to evaluate a company's strengths, weaknesses, opportunities, and threats. SWOT analysis is crucial for any firm. The following describes the SWOT analysis of NCC Bank Limited:

Strength:

NCC Bank consistently strives to offer superior service to its clients in comparison to its competitors. An online banking service has just been introduced to automate all of its operations. They are members of SWIFT (Society for Worldwide Interbank Financial Telecommunication). NCC Bank has achieved significant goodwill among its clientele, which helps in retaining them.

Weakness:

The centralized delegation of power at NCC Bank Limited is the primary reason why employees feel less accountability. The Annual Confidential Report (ACR), which is a performance evaluation document for employees, does not contain any significant measures for rewarding or punishing the employee. The utilization of ATM cards is decreasing, so the scope is diminishing. Not all cops are proficient in computer usage, and computer access is not universally available to employees. The bank lacks a research and development section.

Opportunities:

The bank has significant chances to create more creative, fruitful, and current goods and services for all customers. NCC Bank provides microcredit services for individual small enterprises. It can enhance its portfolio diversification and risk management by investing in the new sector. NCC Bank may hire more competent and productive employees to improve the banking sector in Bangladesh.

Threats:

Bangladesh has already embraced a reputable bank. Because of this, there is a big chance that the new bank will go bankrupt. Every bank, including multinational banks, is rapidly penetrating a substantial market share, which is causing existing customers to defect to rapidly expanding local banks offering more contemporary products and services.

2.3.8 NCC Bank's PESTEL Framework

PESTEL Analysis is a strategic framework used for business strategy development. Assessing a company's external environment involves categorizing possibilities and risks into political, economic, social, technical, environmental, and legal issues.

POLITICAL

- Steady political environment
- Supportive government policy
- Consistent regulatory atmosphere

ECONOMICAL

- Anticipated economic rebound after Covid pandemic
- Irrepressible economic outlook
- Utilization of different economic components

SOCIAL

- Enhancement of digitalization due to pandemic
- Assorted income capacity
- Financial sector as civil service

TECHNOLOGICAL

- Fintech
- Digital Banking solution for customers
- Business automation

ENVIRONMENTAL

- Sustainable Banking
- Sustainable Finance including Green Finance
- Climate Change

LEGAL

- Robust legal provisions to maintain public trust in banking
- Adequate legal recourse in case of default loans

Component of PESTEL	Effect	Our area of emphasis
Political	Increased regulatory vigilance to prevent potential illicit money from entering the economy anonymously. The banking sector has strict compliance procedures to prevent money laundering and illegal money transfers.	• Thoroughly assess the political landscape and implement a strong strategy to mitigate political risks. PEPs (politically exposed persons) must be identified using extended due diligence.
Economical	The government is implementing strategies to ensure financial stability, leading to projected growth in the country's GDP. Adjusting the value of assets to align with the cost of deposits.	• Implement a proactive lending strategy by maximizing profit margins while acquiring new assets. • Comprehensive bank-wide initiative to enhance non-performing loans. • Focus on various refinancing programmers and economic stimulus packages offered by the Bangladesh Bank.
Social	Limited understanding of banking channels, particularly in areas outside major metropolitan hubs.	• Sustain customized banking solutions by upholding cultural sensitivity towards factors such as gender, social conventions, and beliefs, among others. • Facilitate the growth of entrepreneurs by engaging in lending activities.
Technological	Technological progress has raised consumer expectations. Furthermore, the pressure from Fintech businesses and other peer banks has necessitated a constant drive for technical innovation.	• Significant investment in technology is being made to develop digital banking solutions while maintaining high-security standards. • Innovative features to outperform competitors

Environmental	The current need is for sustainable finance, which encompasses green finance, and is strongly supported by global financial and developmental organizations. Stringent regulatory compliance and reporting for environmental concerns are already established.	• Priorities carbon footprint reduction through reduced utility consumption (water, electricity, fuel, paper, etc.) and refuse generation associated with regular business activities. • Investigate environmentally sustainable projects and implement a rigorous environmental screening process during project evaluation.
Legal	Stringent laws and regulations will play a crucial role in the near future.	• Adherence to regulatory frameworks and securities laws of the country, including the Bank Companies Act, 1991 (as amended in 2013), BB circulars and guidelines, the Companies Act of 1994, the Income Tax Ordinance and Rules of 1984, and the Value Added Tax Act and Rules of 1991.

Chapter 3: Objectives of the study

3.1 The purpose of the report:

The main objectives are to demonstrate the implementation of Accounting Standards (IFRS & IAS) in **NCC bank** and to emphasize the significance of adopting these standards in the accounting system.

3.1.1 Primary objective:

United International University mandates that every student must carry out individual study and deliver a written report on a specified topic. We must conduct this study in our last semester to obtain our Bachelor of Business Administration in Accounting and Information Systems (BBA in AIS). We are mostly dedicated on finishing our final year report, as it is essential for us to obtain our bachelor's degree. This research aims to examine the implementation of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) in companies and their impact on their overall success.

3.1.2 Secondary objective:

This research aims to have a deeper understanding of NCC Bank Limited and its Accounting Standards. The research aims to achieve the following particular objectives:

- To acquire knowledge of accounting standards and gain an overview of NCC Bank Ltd.
- To outline the primary advantages of using International Financial Reporting Standards (IFRS).
- To ensure the constraints of implementing International Financial Reporting Standards (IFRS).
- To elucidate the function of IFRS in enhancing accounting information.
- To comprehend the ramifications of financial reporting following IFRS.
- To assess the performance of the past three years.

Chapter 4: Methodology of the study

Type of data:

This report is compiled from two sources:

1. Primary Data.
2. Secondary Data.

Both are utilized to analyze and conclude a report's findings. For the purpose of completing this research study, the author additionally makes use of one of these several categories of data.

4.1 Primary data:

These are the facts that the researcher is personally gathering from the people doing the actual research. All of the information will be original, never-before-used data. We used meaningless primary data in compiling this report. The reason is, that we can locate the data required to finish this report in their stated sections.

4.2 Secondary data:

Secondary data refers to information gleaned from previously published sources in order to round out the report. This information has not been compiled from primary sources and has already served another function. This research paper relies on secondary sources as they are more appropriate to the subject matter. Because gathering information on International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) and presenting it in a presentation format are the goals of this study. The collection of secondary data was conducted using the following methods:

- Internal data collected within the organization.
- Data was collected from textual sources and online platforms.
- Comprehensive summaries
- Yearly financial statements
- Records from official sources

4.2.1 Data Collection Process:

There was a procedure for gathering the data (secondary data) utilized in this study. The subject matter of this research paper focuses on International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), this data consists of whether or not banking industry companies disclosed information pertaining to these standards.

The author began by searching for banking-related businesses on the Bangladesh Financial Reporting Standards (BFRS) website to collect the necessary data. After that, the author downloaded the annual reports of the chosen firms from their official websites. The next step in data collection is report analysis. Also, to get the necessary material for this research, the author went to many websites, including those that deal with international accounting standards (IAS) and international financial reporting standards (IFRS).

4.2.2 Sample Size:

Research involves specifying the data to be collected and identifying the sources from which it may be obtained. Initially, I gathered data in many formats, including analytical, survey-based, and secondary data. There are several research choices available, but I need to ensure that the chosen one yields precise and reliable results. There are 61 banks active in the Banking Industry of Bangladesh under the Bank Company Act, 1991. Where in this report research on NCC bank under the Bank Company Act, 1991.

4.2.3 Sampling Techniques and Population:

An online platform is utilized during the sample procedure to acquire the relevant information for the project. It was unable to collect data by visiting the listed banks in person due to the outbreak. Publication of yearly reports on the internet has become standard practice for all modern organizations, including banks. Government and bank websites make it much easier to collect legitimate and open data.

4.2.4 Scope:

The research utilized information and data only sourced from the annual reports of NCC bank. The majority of the financial data for each year was sourced from internet sites and the applicable bank's online databases. These financial statements are primarily used to evaluate if banks are adhering to Accounting Standards procedures. There are a variety of useful sources to seek for information about the financial performance of a bank, including journals, periodicals, books, and websites dedicated to banking. This information may be utilized in the process of creating and evaluating the report.

4.2.5 Area:

The banking industry in Bangladesh is the focus of this project report. The analysis of annual reports disclosed and compiled with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) information is the basis for the project report.

4.2.6 Time:

The project report is anticipated to be conducted and completed within a three-month timeframe. During this period, the entities disclosing International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) information should be recognized by looking at the annual reports (2019-2022) of a sample size (1 out of 61) under the Bank Company Act, 1991.

Chapter 5: Literature Review

5.1 Literature Review:

Several important findings emerge from an examination of the literature on the implementation of IAS and IFRS by NCC Bank Limited, one of Bangladesh's top commercial banks.

First, a number of studies looked at how IFRS and IAS affected NCC Limited's financial reporting. For instance, a 2015 study by **Mohammad Hossain and Md. Hasan,** discovered that while the introduction of IFRS has boosted financial reporting's comparability and openness, it has also made financial statements more expensive and complex. Similar findings were made by **Mohammad Safiuddin**, who discovered that while the implementation of IFRS has enhanced the quality of financial reporting, it has also changed how financial instruments, revenue, and leases are recognized and measured.

The comparison of IAS and IFRS with the prior local accounting standards used by NCC Bank Limited is another important issue in the literature. For instance, **Md Shahbub Alam (2020)** study compared NCC Bank Limited's previous local accounting standards to IFRS and discovered that while IFRS has increased the cost and complexity of preparing financial statements, it has also improved comparability and transparency in financial reporting.

The material also emphasizes the difficulties NCC Bank Limited had when implementing IAS and IFRS into practice. For example, a study by **Syed Zaidi and Veronica Paz (2015)** identified a number of difficulties that NCC Bank Limited encountered when implementing IFRS, such as the expense and complexity of implementation, the fact that users of financial statements are unfamiliar with the new standards, and the requirement that accountants and other financial professionals suffer extensive training and education.

The information presented also emphasizes how crucial the board of directors' and senior management's roles were in NCC Bank Limited's adoption and use of IAS and IFRS. For instance, a study conducted in **2023** by **MS Modhu** discovered that top management and the board of directors are crucial to the adoption and effective use of IFRS at NCC Bank Limited.

Lastly, several kinds of studies have looked into how NCC Bank Limited's financial performance was affected by the switch to IAS and IFRS. For example, **Md Shahbub Alam (2015)** observed that while the implementation of IFRS has enhanced the accuracy of financial reporting, it has also changed how financial instruments, revenue, and leases are recognized and measured.

The literature on NCC Bank Limited's adoption of IAS and IFRS concludes by highlighting a number of important findings, such as the advantages and disadvantages of adoption, a comparison with earlier local accounting standards, the function of the board of directors and senior management, and the effect on financial performance. Policymakers, regulators, and companies in Bangladesh may learn a lot from these studies as they work to successfully implement IAS and IFRS in the banking industry.

Chapter 6: Findings and analysis of the study

6.1 IAS and IFRS Adoption in Bangladesh Banking

6.1.1 Adoption of IAS and IFRS by banks in Bangladesh: Process and timeline

The International Financial Reporting Standards (IFRS) are a collection of accounting regulations for financial statements that public firms employ to enhance uniformity, clarity, and comparability globally.

The Companies Act of 1994 in Bangladesh outlines fundamental guidelines for financial reporting by all firms, without specific reference to Bangladesh Financial Reporting Standards (BFRS/BAS) or International Financial Reporting Standards (IASs/IFRSs). The Bangladesh Financial Reporting Standards (BFRS), which include Bangladesh Accounting Standards (BAS), are based on the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) developed by the International Accounting Standards Board (IASB).

The Institute of Chartered Accountants in Bangladesh (ICAB) is in charge of evaluating, approving, and revising the BFRS and BAS to conform to IASs and IFRSs. The ICAB implemented every IFRS (and IAS) released by the IASB as BFRS by January 2013, except for IAS 29 (Hyperinflation) since it was deemed unworkable in the Bangladeshi context.

The Bangladesh Financial Reporting Standard for Small and Medium-sized Entities (BFRS for SMEs) is derived from the IFRS for SMEs and applies to financial years starting on or after 1 January 2013. IFRS has been approved by the ICAB, however, it is neither obligatory or enforceable by the ICAB by-laws for listed firms. They are legally binding according to the SEC Rules. The auditor's report and basis of presentation notes for financial statements in Bangladesh express compliance with international accounting standards, including IFRS applicable in Bangladesh. Bangladesh has been included in the IFRS Foundation's list of countries that mandate the adoption of IFRS for financial reporting by public firms, including banks.

6.1.2 IFRS implementation by banks in Bangladesh:

IFRS implementation by banks in Bangladesh has occurred gradually, reaching major milestones.

- ❖ In 2003, the Institute of Chartered Accountants in Bangladesh (ICAB) established a committee to assess and implement IFRS in Bangladesh.
- ❖ In 2006, the ICAB implemented Bangladesh Financial Reporting Standards (BFRS) aligned with IFRS, which became compulsory for all listed corporations, including banks, from the fiscal year 2006-2007 forward.
- ❖ The Bangladesh Securities and Exchange Commission (BSEC) mandated in 2010 that all listed firms, including banks, must adhere to International Financial Reporting Standards (IFRS) for their financial statements beginning in the financial year 2013-2014.
- ❖ In 2013, the ICAB accepted every IFRS released by the IASB as comparable to Bangladesh Financial Reporting Standards (BFRS), except for IAS 29 (Hyperinflation) since it was deemed unworkable in the context of Bangladesh.
- ❖ The Bangladesh Financial Reporting Standard for Small and Medium-sized Entities (BFRS for SMEs) is derived from the IFRS for SMEs and is effective for year periods starting on or after 1 January 2013.
- ❖ The auditor's report and basis of presentation notes for financial statements in Bangladesh express compliance with international accounting standards, including IFRS applicable in Bangladesh.
- ❖ The IFRS Foundation has included Bangladesh on its list of countries adopting IFRS, mandating that public enterprises in Bangladesh, including banks, must use IFRS for their financial reporting.

IFRS implementation by banks in Bangladesh has been a long process. The ICAB adopted BFRS based on IFRS in 2006 and made it obligatory for listed enterprises, including banks, beginning from the financial year 2006-2007. In 2010, the BSEC mandated that all listed firms, including banks, must adhere to IFRS for their financial reporting beginning in the financial year 2013-2014. In 2013, the ICAB recognized every IFRS produced by the IASB as equal BFRS, except for IAS 29. The Bangladesh Financial Reporting Standard for Small and Medium-sized Entities (BFRS for SMEs) is derived from the IFRS for SMEs and applies to financial years starting on or after 1 January 2013. The auditor's report and basis of presentation notes for financial statements in Bangladesh express compliance with international accounting standards, including IFRS applicable in Bangladesh. Bangladesh has been included in the IFRS Foundation's list of countries adopting IFRS. This means that public enterprises in Bangladesh, including banks, must use IFRS for their financial reporting.

6.1.3 The challenges and benefits associated with the adoption:

In Bangladesh, the Financial Reporting Council (FRC) established under the Financial Reporting Act 2015 (FRA) should not be managed by an unqualified organization. The ICAB council should be restructured to include three boards: Accounting Standard Board, Auditing Standard Board, and Financial Reports Review Board. This will guarantee adherence to global standards and efficient execution.

Banks in Bangladesh have seen several advantages from implementing IAS and IFRS, such as enhanced financial reporting accuracy and increased opportunities in international capital markets. Nevertheless, difficulties like establishing a legal and regulatory framework and addressing the unique requirements of Islamic banking must be tackled.

Advantages:

- Enhanced financial reporting accuracy.
- Reduced cost of capital.
- Enhanced capacity to safeguard border listings.
- Improved access to international finance markets and increased foreign direct investment attractiveness.
- Uniformity of accounting rules and financial reporting processes.
- Improved comparability and clarity of financial statements.

Obstacles:

- Establishment of a legal and regulatory framework
- Inexpensive audit fees

- Conducting an awareness campaign and providing staff training. 4. Ensuring compliance with international standards while also following local laws and regulations.
- Addressing the unique requirements of Islamic banking that may not be completely covered by IFRS
- Securing the required resources and skills for effective implementation

Implementing IFRS in Bangladesh successfully necessitates having essential resources and skills, along with continuous endeavors to assure adherence to international standards while also complying with local laws and regulations.

6.2 Comparison with Local Standards in Bangladesh:

6.2.1 IAS and IFRS with the previous local accounting standards in Bangladesh:

The International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) are two sets of accounting standards that were developed by the International Account Standards Board (IASB) and its predecessor, the International Accounting Standards of the International Accounting Standards Committee (IASC). Investors and other users will find it much simpler to compare the financial performance of companies located all over the globe according to these standards, which are meant to provide a worldwide framework for the creation and presentation of financial statements. The Bangladesh Financial Reporting Standards (BFR) were the prior accounting standards in Bangladesh. These standards were derived from the Financial Reporting Standards (FRS) that were implemented in the United Kingdom.

The amount of detail and prescription that comes with IFRS/IAS is one of the most significant distinctions between the prior local accounting standards in Bangladesh and IFRS/IAS. In contrast to the IFRS and IAS, which are more principles-based, the BFRS were more rule-based and prescriptive. This indicates that International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) provide a structure for the preparation of financial statements, but also ensure that companies use their discretion when implementing the standards. Because of this, there may be variations in the manner in which organizations implement IFRS and IAS, which may make it more difficult to compare the performance of different businesses. IFRS and IAS, on the other hand, use a principles-based approach, which is designed to provide businesses greater flexibility and to enable them to more accurately represent the economic content of their transactions.

The amount of disclosure that is needed is another significant distinction between the prior local accounting rules in Bangladesh and the International Financial Reporting rules (IFRS/IAS). When compared to the BFRS, the IFRS and IAS usually mandate more comprehensive disclosures. In order to offer users of financial statements with additional information on the financial performance and position of a firm, this is planned to be implemented. In spite of this, it has the potential to make the process of compiling financial statements more difficult and expensive.

There are a number of particular areas in which the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) vary from the local accounting standards that were previously in place in Bangladesh. For instance, the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) have distinct requirements for the recognition and measurement of leases, revenue, and financial instruments. The variations between firms may have a substantial influence on the financial statements of a company, and they can also make it more difficult to compare the financial statements of other companies.

In spite of these disparities, the implementation of IFRS and IAS by financial institutions in Bangladesh has resulted in several positive outcomes. There is a significant improvement in the comparability of the financial statements of firms located in several countries, which is one of the primary advantages. IFRS and IAS provide a standardized framework for the compilation and presentation of financial statements, which is the reason for this observation. IFRS and IAS demand more thorough disclosures than the prior local accounting standards in Bangladesh, which allows for improved openness. This is another advantage of adopting these standards. The financial performance and position of a firm may be better understood by investors and other users with the aid of this piece of information.

Nevertheless, the implementation of IFRS/IAS has also presented several obstacles. The high expense and complicated nature of putting the new standards into effect is one of the most significant issues. The reason is International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) are more principles-based and demand more thorough disclosures than the prior local accounting standards in Bangladesh. This may force businesses to make investments in new systems and procedures, as well as raise the cost and complexity of the process of compiling financial statements.

An additional obstacle that arises is the limited awareness of IFRS/IAS among financial statement users in Bangladesh. Because of this, it may be challenging for investors and other users to comprehend and evaluate the financial statements of businesses that have embraced IFRS or IAS. On the other hand, it is anticipated that this difficulty will become less of a problem over time as consumers grow more used to the new standards.

6.2.2 The impact of this transition on financial reporting in the banking sector:

IFRS/IAS has been implemented in the banking industry in Bangladesh, which has resulted in a substantial influence on the reporting of financial information. These are some of the most significant effects:

- **Improved Comparability**: The implementation of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) has resulted in an improvement in the comparability of financial statements between banks in Bangladesh and banks in other countries that utilize IFRS/IAS. By establishing a standardized framework for the making and presenting of financial statements, IFRS/IAS facilitates the comparison of the financial position and performance of banks across nations for the benefit of investors and other users.
- **Transparency Enhancement:** The banking sector's financial reporting has become more transparent as a result of the heightened disclosure requirements of IFRS/IAS. It is now mandatory for financial institutions to provide more information on their financial performance and position. This disclosure must include details about their segments, transactions involving linked parties, and significant accounting estimates. Investors and other users may make use of this information to have a better understanding of the financial performance and position of a bank.
- **Policy changes in accounting:** Banks have been compelled to examine and update their accounting policies to align them with the new standards as a result of the transition to IFRS/IAS. Because of this, there have been modifications made to the recognition and measurement of a variety of financial instruments, including leases, revenue, and leases respectively. The financial statements of a bank may be significantly altered as a result of these developments, which may also make it more difficult to compare the financial statements of other banks.
- **Cost and Complexity:** The implementation of IFRS/IAS has resulted in escalated expenses and heightened intricacy in the process of financial statement preparation for banks operating in Bangladesh. This is because the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) are more principles-based and demand more thorough disclosures than the prior local accounting standards in Bangladesh. This may require financial institutions to make investments in new systems and procedures, as well as raise the complexity and expense of the process of compiling financial statements.

- **Training and Education:** To comprehend and implement the new standards, the transition to IFRS/IAS has necessitated extensive training and education for accountants and financial professionals in the banking industry. A tremendous load, both in terms of time and money, has been imposed on banks as a result of this.
- **Law and Regulation Changes:** To comply with the new standards, laws, and regulations have to be adjusted as a result of the switch to IFRS/IAS. To ensure that the new standards are properly implemented, it has been necessary for Bangladesh Bank, the Securities and Exchange Commission (SEC), and other regulatory organizations to cooperate effectively.
- **Internal Control and System Changes:** Because of the transition to IFRS/IAS, financial institutions have been compelled to examine and update their internal controls and systems to make sure that they are following the new standards. Banks have been burdened with substantial time and resource demands.

The implementation of IFRS/IAS in the banking industry in Bangladesh has resulted in several advantages, such as enhanced comparability and transparency. Nevertheless, it has presented various challenges such as high implementation costs and complexity, limited understanding of new standards by financial statement users, the requirement for thorough training of accountants and financial professionals, and the necessity for legal and regulatory adjustments. Although facing obstacles, implementing IFRS/IAS is expected to provide substantial advantages to banks in Bangladesh, such as enhanced comparability and transparency, leading to more foreign investment and supporting economic development.

6.3 Impact of IAS and IFRS on NCC BANK LIMITED

NCC Bank Limited follows the ICAB's IFRS guidelines. Not all standards have an immediate impact on financial reporting; for example, certain IFRS standards are more appropriate for small and medium-sized businesses and publicly traded companies, while NCC Bank Limited is a commercial bank. Most International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), and IAS standards are met by NCC Bank Limited.

6.3.1 Compliance of IAS and IFRS:

The Institute of Chartered Accountants of Bangladesh (ICAB) is the authoritative organization responsible for establishing standards and overseeing the accounting profession in the nation. ICAB has implemented the majority of the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs). Regarding the preparation and presentation of financial statements, NCC Bank complied with all applicable IASs and IFRSs, except those specified below:

Name of the IAS	IAS no.	Status
Presentation of Financial Statements	1	Applied*
Inventories	2	N/A
Statement of Cash Flows	7	Applied*
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting year	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Accounting of Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	N/A
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Separate Financial Statements	27	Applied
Investments in Associates and Joint Ventures	28	N/A
Financial Reporting in Hyperinflationary Economies	29	N/A
Financial Instruments: Presentation	32	Applied*

Name of the IAS	IAS no.	Status
Earnings Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied*
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A

Name of the IFRS	IFRS no.	Status
First time adoption of International Financial Reporting Standards	1	N/A
Share Based Payment	2	N/A
Business Combinations	3	Applied
Insurance Contract	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	5	Applied*
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosure	7	Applied*
Operating Segments	8	Applied
Financial Instruments	9	Applied*
Consolidated Financial Statements	10	Applied
Joint Arrangements	11	N/A
Disclosure of interest in other entities	12	Applied
Fair Value Measurement	13	Applied*
Regulatory Deferral Accounts	14	N/A
Revenue from Contracts with Customers	15	Applied
Leases	16	Applied*
Insurance Contracts	17	N/A

Few IAS and IFRS are not implemented because they comply with the Bank Company Act of 1991, rules, regulations, and directives that Bangladesh Bank periodically issues.

6.3.2 The research on IAS and IFRS at NCC Bank Limited

The research on IAS and IFRS at NCC Bank Limited yielded the following important findings:

- **Improved comparability and transparency**: The adoption of IAS and IFRS has led to improved comparability and transparency in financial reporting for NCC Bank Limited. This has enhanced the bank's credibility and reputation in the international market. The bank's financial statements are now more transparent, providing users with a clearer picture of its financial position and performance.

- **Changes in recognition and measurement:** The adoption of IAS and IFRS has resulted in changes in the recognition and measurement of financial instruments, revenue, and leases. NCC Bank Limited had to make significant changes in its accounting policies and practices to comply with the IAS and IFRS requirements. The bank had to restate its financial statements for the previous periods to ensure comparability with the current period. This has led to a more accurate reflection of the bank's financial position and performance.

- **Challenges in implementation:** The adoption of IAS and IFRS has brought about several challenges, including the cost and complexity of implementation, the lack of familiarity with the new standards among users, and the need for extensive training and education for accountants and financial professionals. NCC Bank Limited faced significant challenges in implementing IAS and IFRS due to the lack of expertise and knowledge of the new standards. The bank had to invest in training and education for its employees to ensure compliance with the new standards. This has resulted in additional costs for the bank, but it is expected that these costs will be offset by the benefits of using a single set of accounting standards.

- **Role of the board of directors and senior management**: The role of the board of directors and senior management is critical in the adoption and implementation of IAS and IFRS. The bank's management had to provide leadership and guidance to the employees to ensure a smooth transition to the new standards. The board of directors had to ensure that the bank's accounting policies and practices were in line with the new standards. The bank's management and board of directors had to work together to ensure that the bank was in compliance with the new standards.

- **Positive impact on financial performance:** The adoption of IAS and IFRS has had a positive impact on the bank's financial performance. NCC Bank Limited has been able to attract more foreign investment due to its compliance with the international standards. The bank's financial performance has improved due to the more accurate reflection of its financial position and performance. The bank's financial statements are now more transparent, providing users with a clearer picture of its financial position and performance.

Throughout the study, it was observed that the adoption of IAS and IFRS has brought about significant changes in the financial reporting practices of NCC Bank Limited. The use of a single set of accounting standards has enabled the bank to present its financial statements in a manner that is easily comparable with other international banks. This has enhanced the bank's credibility and reputation in the international market. The bank's financial statements are now more transparent, providing users with a clearer picture of its financial position and performance.

6.4 Data Analysis and Interpretation

6.4.1 The key benefits of adopting IFRS:

IFRS ensures that financial statements are prepared using consistent accounting standards, providing foreign investors with a universal financial report to help them assess and identify investment opportunities. Therefore, local enterprises are able to compete in the global market.

Hence, the benefits of using IFRS:

- Global recognition
- Provide transparent and improved financial information to shareholders and stakeholders
- Remove redundant reports
- Reduce data

The implementation of IFRS has offered stakeholders top-notch financial statements and transparent comparable, and precise data. This would empower the management of NCC Bank Limited to make crucial forward-thinking choices on future opportunities, assess risks, and enhance budget control. Implementing IFRS allows for exact financial reporting, aiding management in recognizing correct growth patterns and ensuring future viability. Two sorts of audits are undertaken here: internal audit and external audit. Accounting and financial information at NCC Bank Limited are managed and are included in the report dated December 2021.

6.4.2 Ensure limitations of adopting IFRS

Implementing IFRS is undeniably challenging. Common challenges are faced while implementing IFRS. The adoption of IFRS necessitates the use of several accounting concepts and standards. Consequently, it demands significant resources. The presence of skilled and knowledgeable individuals, together with quality education, leads to higher total expenses. Another constraint is the insufficient regulatory scrutiny of the enforcement of specified standards within the present framework. ICAB lacks enough resources to support and oversee financial reporting requirements that provide quality assurance.

6.4.3 Specify how IFRS contributes to the improvement of the accounting information system:

Accounting information systems are crucial for the development of organizations and economies. Financial reporting accuracy is essential since it influences critical choices that impact an organization's viability. Accounting plays a crucial role in the economy. Accounting information assists stakeholders and society by improving resource allocation and maximizing existing resources. Accounting information assists in identifying and assessing existing resources and forecasting future development patterns. Furthermore, dependable, top-notch accounting data aids in assessing and analyzing real outcomes at the conclusion of each planning cycle and may serve as input for the next decision-making. The use of IFRS will enable organizations to create financial statements that accurately represent fair value.

6.4.4 Comprehending the implications of IFRS on financial reporting:

IFRS economic statements comprise the following:

- The financial position of organization
- Comprehensive revenues and expenditures
- Cash flows statements
- Statement of changes in equity
- Explanatory notes

The following are included in the disclosure notes:

- The accompanying accounting regulations
- Regarding the assertions that were made via the utilization of superior management inside the framework of essential accounting rules
- Risk estimation is influenced by various factors, including crucial destiny assumptions.

A company's financial statement provides actual information to assist management or investors in evaluating an organization's financial performance, position, or changes in financial condition. The balance sheet is an illustration that shows an organization's assets and liabilities as of a specific date. Displaying the cash received and the expenses incurred is crucial for any firm to make informed choices. It also illustrates the shifting of currency and financial resources. The values representing income before taxes, income after taxes, income after interest, depreciation, accounts receivable, and taxes are critical and must be precise. The computation or procedures employed to obtain these figures should adhere to an international standard, to ensure transparent evaluation and accurate information.

Chapter 7: Recommendations and Conclusion

7.1 Recommendations:

Based on the study, the following recommendations can be made for the banking industry in Bangladesh:

1. **Continuous Education and Training:** Banks in Bangladesh should invest in continuous education and training for their accountants and financial professionals to ensure that they have the necessary knowledge and skills to comply with the new standards. This will help the banking industry in Bangladesh to maintain its competitive edge in the international market.

2. **Strengthening the Role of the Board of Directors:** The board of directors should play a more active role in overseeing the implementation of IFRS and IAS in the banking industry. This will ensure that the bank's accounting policies and practices are in line with the new standards and that the bank is in compliance with the regulatory requirements.

3. **Legal and Regulatory Adjustments:** Banks in Bangladesh should work closely with the regulatory authorities to make any necessary legal and regulatory adjustments to ensure compliance with the new standards. This will help the banking industry in Bangladesh to maintain its credibility and reputation in the international market.

4. **Encouraging Foreign Direct Investment:** The Bangladesh Bank should continue to promote the adoption of IFRS and IAS by banks in Bangladesh. This will enable the banking industry in Bangladesh to attract more foreign direct investment, supporting economic development in the country.

5. **Promoting Transparency and Comparability:** The adoption of IFRS and IAS by banks in Bangladesh has led to increased transparency and comparability in financial reporting. This has enhanced the credibility and reputation of the banking industry in Bangladesh. The Bangladesh Bank should continue to promote these benefits and encourage other banks in the country to adopt the new standards.

6. **Monitoring and Evaluation:** The Bangladesh Bank should monitor and evaluate the progress of banks in Bangladesh in adopting IFRS and IAS. This will help the regulatory authority to identify any challenges that banks may be facing in their implementation and provide support and guidance to address these challenges.

7. **Public Awareness and Education**: The Bangladesh Bank should work closely with other relevant stakeholders, such as accountants and financial professionals, to raise public awareness and education about the benefits of adopting IFRS and IAS. This will help to create a culture of compliance with the new standards in the banking industry in Bangladesh.

7.2 Conclusion

In conclusion, the implementation of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) in the banking industry of Bangladesh has been a gradual and thorough process, with the Bangladesh Bank playing a significant role in leading the change. The adoption of IFRS and IAS has brought about several advantages, such as enhanced comparability and transparency in financial reporting, improved access to international finance markets, and increased foreign direct investment attractiveness. However, the transition has also presented several challenges, such as the high cost and complexity of implementation, limited understanding of new standards by financial statement users, the requirement for thorough training of accountants and financial professionals, and the necessity for legal and regulatory adjustments. Despite these challenges, implementing IFRS and IAS is expected to provide substantial advantages to banks in Bangladesh, such as enhanced comparability and transparency, leading to more foreign investment and supporting economic development. For NCC Bank Limited, as a commercial bank in Bangladesh, complies with the majority of International Accounting requirements (IAS), as well as International Financial Reporting Standards (IFRS) and IAS requirements. The implementation of IFRS has offered stakeholders top-notch financial statements and transparent comparable, and precise data, enabling the management of NCC Bank Limited to make crucial forward-thinking choices on future opportunities, assess risks, and enhance budget control. However, the bank has been able to attract more foreign investment and improve its financial performance due to its compliance with the international standards.

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