

Regulatory Compliance of IAS # 30 of the Private Commercial Banks Disclosure of Bangladesh: An Empirical Study on Ten Selected Banks

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Abstract

The paper is an effort to scrutinize the prevailing accounting standard for the private Commercial Banks in Bangladesh and find out the extent of compliance by them. Banking industry's nature of operation is totally different from others. Recognizing this aspect some specific IASs (International Accounting Standards) have been prescribed for them. One of which is IAS#30 (Disclosures requirements for Banks and similar financial institutions). Institute of Chartered Accountants of Bangladesh (ICAB) prescribed to comply with IAS#30 from on or after 1st January, 2010. Hence compliance of IAS 30 (superseded as IFRS 7) is of importance here. Scrutinization has been operated on 10 private commercial Banks. As per requirement, all the Commercial Banks are required to comply with the standard to uphold the stakeholders' interest. And the result of the study shows that all of the private Commercial Banks compliance almost 87.5% of the IAS#30 (IFRS 7) requirements. Finally this study recommend on the degree of compliance for the Commercial Banks financial reporting.

Keywords: Compliance IAS, IFRS, Bank, Private Commercial Banks,

1. Introduction

Banking industry is the most flourishing as well as the most contributing sector of any economy. Banking is the nerve centre of an economy. Banking can be termed as one of the primitive business though its institutional look is not so old. Banking sector is the driving force of any country for its sustainable development. It is more than truth for a developing country like ours. After the independence, banking industry in Bangladesh started its journey with 6 nationalized commercialized banks, 2 State owned specialized banks and 3 Foreign Banks. In the 1980's banking industry achieved significant expansion with the entrance of private banks. Now, banks in Bangladesh are primarily of two types:

- **Scheduled Banks:** The banks which get license to operate under Bank Company Act, 1991 (Amended in 2003) are termed as Scheduled Banks.
- **Non-Scheduled Banks:** The banks which are established for special and definite objective and operate under the acts that are enacted for meeting up those objectives, are termed as Non-Scheduled Banks. These banks cannot perform all functions of scheduled banks.

There are 52 scheduled banks in Bangladesh who operate under full control and supervision of Bangladesh Bank which is empowered to do so through Bangladesh Bank Order, 1972 and Bank Company Act, 1991. Scheduled Banks are classified into following types:

- **State Owned Commercial Banks (SOCBs):** There are 4 SOCBs which are fully or majorly owned by the Government of Bangladesh.
- **Specialized Banks (SDBs):** 4 specialized banks are now operating which were established for specific objectives like agricultural or industrial development. These banks are also fully or majorly owned by the Government of Bangladesh.
- **Private Commercial Banks (PCBs):** There are 30 private commercial banks which are majorly owned by the private entities. PCBs can be categorized into two groups:
 - **Conventional PCBs:** 28 conventional PCBs are now operating in the industry. They perform the banking functions in conventional fashion i.e interest based operations.
 - **Islami Shariah based PCBs:** There are 7 Islami Shariah based PCBs in Bangladesh and they execute banking activities according to Islami Shariah based principles i.e. Profit-Loss Sharing (PLS) mode.
- **Foreign Commercial Banks (FCBs):** 9 FCBs are operating in Bangladesh as the branches of the banks which are incorporated in abroad.

There are now 4 non-scheduled banks in Bangladesh which are:

- Ansar VDP Unnayan Bank,
- Karmashangosthan Bank,
- Probashi Kollyan Bank,
- Jubilee Bank (Bangladesh Bank Website last updated 30 November 2012)

Bangladeshi people's workings are increasing in Industry sector now-a-days. Total work force in Bangladesh is 5 crore forty one lakh. Among them People are engaged in Agriculture 47.30%, Industry 17.64% and in service sector 35.06%. Industry and service business altogether cover 52.70% workforce engagement in work

(Bangladesh Economic Survey 2013). For this industrial work accomplishment there are needs of banking help. And so Banking institutions are increasing day by day. The establishment of Commercial Banking in Bangladesh is the true reflection of this inner urge of its people. Therefore compliance of required laws and regulations are compulsory for them. Here lies the major clue for the compliance of accounting standard. Banks and other similar financial institutions are different from other business entities. To disclose the financial performance and financial position of this type of financial institutions, regulatory watchdogs prescribed different techniques. One of such techniques is to comply with the applicable accounting standard such as IAS-30. Though not mandatory, compliance of IASs aims at faithful representation of financial performance and financial position of an entity. In spite of being flourishing and major sector prior work on compliance with IAS-30 shows a questionable conclusion as to the degree of compliance. Moreover prior works were done on commercial banks and with other standards also, hence comes the scope of scrutinizing compliance of IAS-30 by the Commercial Banks of Bangladesh. Again since people have more reliance on the commercial banks, so it has deep importance to find out the compliance status of the Commercial Banks.

2. Theoretical background

2.1. Commercial Banking

This is a financial institution providing services for businesses, organizations and individuals. Services include offering current, deposit and saving accounts as well as giving out loans to businesses. Commercial banks are defined as a bank whose main business is deposit-taking and making loans. These contrasts with an investment bank whose main business is securities underwriting, M&A advisory, asset management and securities trading. Commercial banks make their profits by taking small, short-term, relatively liquid deposits and transforming these into larger, longer maturity loans. This process of asset transformation generates net income for the commercial bank. Note that many commercial banks do investment banking business although the latter is not considered the main business area. Examples of commercial banks include HSBC.

Now- a- days in Bangladesh the spread of bank branches to the rural areas increases the banking habit of people. People keep their excess money in banks and withdraw at the time of need. This leads to the monetization of rural areas. It is easier to implement government monetary and fiscal policies effectively in the monetized areas. The effectiveness of these policies, in turn, helps government to maintain price stability and promote economic growth and employment. The banks make available loans to rural people on reasonable rate of interest. This helps farmers to undertake agricultural and non-agricultural works. The Small Farmers Development Project, Small Sector Development Programme, Small and Cottage Industries Project, Micro-credit Projects have been implemented by Agricultural Development Bank and commercial bank in Nepal for the upliftment of the poor. This has helped to increase the employment level of income and level of living of the poor. Similarly, the rural development banks have been established for the upliftment of the poor

The commercial banks encourage thriftiness and save more among people both in rural and urban areas. The men can be free of the future anxiety when they do not have income on account of savings. Since banks provide attractive interest on saving and fixed deposits, people are encouraged to save more. The bank, therefore, has made it possible to collect small savings from nook and corners of the country. Besides, the resources are mobilized by banks even by selling shares. Since, bank deposit is most liquid; people can promptly receive money in crisis.

The commercial banks make available loans of different periods to agriculture, industry and trade. They make direct investments in industrial sectors. They provide industrial, agricultural and commercial consultancy. Likewise, they discount bills, sale bills, remit funds, make available foreign exchange, issue guarantees and so on. The tendency of men to keep the money and other valuables in other's custody for safety had led to the origin of banks in reality. This tendency is still found on men. The banks collect people's money and keep them safety. People have fear of theft, robbery when kept at home. In addition, the banks provide interest on deposits. The people can keep their valuables in the 'safe deposit vault' of the banks. These practices reduce unnecessary expenditure and increases savings (*theoryofeconomics.com*). Thus Commercial bank has become the part and parcel of people's economic activities. Therefore, the stakeholders of commercial bank want to know information true and fair. Different International accounting standards (IAS superseded as IFRS) ensure these expectations. Thus it is crying need to determine this regulatory compliance of these standards. The compliance of IAS # 30 is crucial important in Banking information supply to the stakeholders as true and fair which also comply the 4th principle of GAAP (Generally Accepted Accounting Principle).

2.2. Private Commercial Banks in Bangladesh:

At the same time these Private Banks are trying to provide all modern facilities to their customers. They are proving Internet banking, credit card, debit card, ATM booth. Here is the list of Private Commercial Bank of Bangladesh

| S.N | Name of the Bank |
|------------|------------------------------------|
| 1 | AB Bank Limited |
| 2 | BRAC Bank Limited |
| 3 | Eastern Bank Limited |
| 4 | Dutch Bangla Bank Limited |
| 5 | Dhaka Bank Limited |
| 6 | Islami Bank Bangladesh Limited |
| 7 | Pubali Bank Limited |
| 8 | Uttara Bank Limited |
| 9 | IFIC Bank Limited |
| 10 | National Bank Limited |
| 11 | The City Bank Limited |
| 12 | United Commercial Bank Limited |
| 13 | NCC Bank Limited |
| 14 | Prime Bank Limited |
| 15 | South East Bank Limited |
| 16 | Al-Arafah Islami Bank Limited |
| 17 | Social Islami Bank Limited |
| 18 | Standard Bank Limited |
| 19 | One Bank Limited |
| 20 | Exim Bank Limited |
| 21 | Mercantile Bank Limited |
| 22 | Bangladesh Commerce Bank Limited |
| 23 | Mutual Trust Bank Limited |
| 24 | First Security Islami Bank Limited |
| 25 | The Premier Bank Limited |
| 26 | Bank Asia Limited |
| 27 | Trust Bank Limited |
| 28 | Shahjalal Islami Bank Limited |
| 29 | Jamuna Bank Limited |
| 30 | ICB Islamic Bank |

[Source: Bangladesh Bank online]

Here 10 banks are taken for compliance

- i) AB Bank Limited
- ii) South East Bank Limited
- iii) Pubali Bank Limited
- iv) Mercantile Bank Limited
- v) The Premier Bank Limited
- vi) Bank Asia
- vii) Standard Bank Limited
- viii) Dhaka Bank Limited
- ix) BRAC Bank Limited
- x) Prime Bank Limited.

3. IAS # 30: Disclosures in Financial Statements of Banks in Similar Financial Institutions.

3.1. Objective of IAS # 30

The objective of IAS # 30 is to prescribe appropriate presentation and disclosure standards for banks and similar financial institutions (hereafter called 'banks'), which supplement the requirements of other Standards. The intention is to provide users with appropriate information to assist them in evaluating the financial position and performance of banks and to enable them to obtain a better understanding of the special characteristics of the operations of banks.

3.2. Presentation and Disclosure

A bank's income statement should group income and expenses by nature. [IAS 30.9] A bank's balance sheet should group assets and liabilities by nature and list them in liquidity sequence. [IAS 30.18] IAS 30.19 sets out the specific line items requiring disclosure. AS 30.13 and IAS 30.23 include guidelines for the limited circumstances in which income and expense items or asset and liability items are offset. A bank must disclose the fair values of each class of its financial assets and financial liabilities as required by IAS 32 and IAS 39. [IAS 30.24] Disclosures are also required about:

- specific contingencies and commitments (including off-balance sheet items) requiring disclosure [IAS 30.26]
- specified disclosures for the maturity of assets and liabilities [IAS 30.30]
- concentrations of assets, liabilities and off-balance sheet items [IAS 30.40]
- losses on loans and advances [IAS 30.43]
- general banking risks [IAS 30.50]
- assets pledged as security [IAS 30.53].

4. Objectives of the study

1. To find out the degree of compliance of the standard by the banks.
2. To find out the deviation from the standard.

5. Methodology of the study

To draw the conclusion on the topic only the secondary source of information has been analyzed. This includes annual reports, articles on this issue, different relevant acts etc. The analysis is done by content analysis which is widely being used in a social science research which involves reading the annual report and picking up both qualitative and quantitative information. So this technique has been used for this empirical study. Next to find out the average percentage of compliance weight was given as, for compliance of each requirement 1, for partial compliance 0.5 and for noncompliance 0.

6. Scope of the study:

6.1. Limitation

1. The analysis of the topic has been done on sample basis on the annual reports of the ten Commercial banks among 44 Commercial banks in Bangladesh.
2. The analysis is limited to whether the financial statements have been prepared according to the IAS # 30. Any other standard has not been scrutinized.
3. The entities whose financial statements have been analyzed are basically guided by separate guideline than that of other bank like specialized Banks, or other Islamic banks. These banks are merely conventional, non Islamic commercial Bank. So there is a risk of matching disclosure of certain important items regarding IAS # 30.

6.2. Future area of study:

As this study is gone through the only IAS # 30 compliance which is not sufficient to measure the overall financial reporting disclosures by Commercial banks, so further study is mostly needed to meet up the whole thing together. As Commercial banks is operated on the different sector, and give short term loan to customer, so to meet up the interest of the users of financial report, special study should gone through to find out what standards are needed to serve this purpose.

7. Literature Review

Commercial banking is the oldest area in the banking world and it's an integral part of current and future financial market. As the history of Commercial banking in the legal format is so long but research study on the financial reporting disclosures by the Conventional Commercial banking is not so rich. Hossain S, Hossain I and Azad M.H stated the compliance of IAS 30 of the Islamic banks disclosure. Hossain S, and Baser M.A described the compliance of IAS 30 of the specialized banks disclosure. There is no study about the current study about private commercial banks of Bangladesh. IASB (International Accounting Standard Board, of which predecessor was IASC) formulated the different IASs (superseded as IFRS) for financial reporting. IAS 30 (IFRS 7) is exclusively for Banks and financial institutions disclosures.

8. Analysis & Findings

8.1. Compliance of IASs by the institutions:

The business entities design their accounting system as per the requirements of the Income Tax Law. And above all in order to provide a standardized report all types of banks try to follow the IAS 30 (BAS 30) which is the demand of the modern competitive business world. Here is the investigation whether the Commercial banks of Bangladesh follows this underlying standard regarding the preparation of their financial statements. The result can be derived as follows:

Table-2: Schedule of compliance status:

| Requirement | ABBL | SEB | PUBALI | MBL | PREMIER | ASIA | SBL | DBL | BRAC | PRIME |
|---|------|-----|--------|-----|---------|------|-----|-----|------|-------|
| Income and Expenditure Presentation (Para. 9) | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Interest/ Interest Rate (para. 17) | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Grouping of Assets and Liabilities (para. 18-23) | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Valuation of Investment and Dealing Securities (para. 24, 25) | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Contingencies & Commitments Including Off-Balance Sheet Items (para. 26-29) | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Maturity grouping of Assets & Liabilities (para. 30-39) | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Concentration of Assets, Liabilities & Off-Balance Sheet Items(para. 40-42) | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Loans and Advances (para. 43-49) | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| General Banking Risk (para. 50-52) | √ | √ | √ | √ | √ | √ | × | √ | × | × |
| Assets Pledged as Securities (para. 53-54) | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Trust Activities (para. 55) | × | × | × | × | × | × | × | × | × | × |
| Related Party Transaction (para. 56-58) | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |

The empirical findings of the study from table1are shown below—

| | |
|---|-------|
| No. of companies | 10 |
| No. of requirements as per IAS-30 | 12 |
| Maximum number of requirement complied by the company | 11 |
| Minimum number of requirement complied by the company | 10 |
| Average number of compliance by the companies | 10.50 |

Table-3: Summary of compliance by Individual Commercial bank:

| Complying banks | Total compliance requirement | No. of requirement fulfilled | (%) compliances fulfilled | Deviation from the industry average (%) |
|-----------------|------------------------------|------------------------------|---------------------------|---|
| ABBL | 12 | 11 | 91.67% | 8.33% |
| SEB | 12 | 11 | 91.67% | 8.33% |
| PUBALI | 12 | 11 | 91.67% | 8.33% |
| MBL | 12 | 11 | 91.67% | 8.33% |
| PREMIER | 12 | 11 | 91.67% | 8.33% |
| ASIA | 12 | 11 | 91.67% | 8.33% |
| SBL | 12 | 10 | 83.33% | 16.67% |
| DBL | 12 | 11 | 91.67% | 8.33% |
| BRAC | 12 | 10 | 83.33% | 16.67% |
| PRIME | 12 | 10 | 83.33% | 16.67% |

(%) of compliance = requirement complied/ Total requirement.

The analysis shows that of the ten banks and of the total 12 requirements, SBL, BRAC, PRIME Banks complied with 10 requirements (83.33%), DBL, AB Bank, PREMIUR, SEBL, MBL, PUBLI, BANK ASIA 11 requirements (91.67%).

Another important finding is that some requirements were completely ignored where some were partially followed and others were fully complied. Besides 10 requirements were fully complied with by all the ten companies, 1 requirement is totally not complied by any of them.

Table-4: Average no. of compliance:

| Status of compliance | No. of requirement | Weight | Weighted score |
|----------------------|--------------------|--------|----------------|
| Fully complied | 9 | 1 | 9 |
| Partially complied | 2 | 0.5 | 1 |
| Not complied | 1 | 0 | 0 |
| Total | | | 10 |

For full compliance weight = 1

For non-compliance weight = 0

For partially complied weight = 0.5

Weighted score= $10.5/12 = 87.5\%$.

It is also worth mentioning that the average compliance of the standard by the companies is 87.5%. Of the ten banks the deviation from the industry is almost same for all the banks (4.17%).

Table-5: (%) compliance of the individual requirement:

| Requirement | No. of complied companies | (%) of compliance |
|---|---------------------------|-------------------|
| Income and Expenditure Presentation (Para. 9) | 10 | 100% |
| Interest/ Interest Rate (para. 17) | 10 | 100% |
| Grouping of Assets and Liabilities (para. 18-23) | 10 | 100% |
| Valuation of Investment and Dealing Securities (para. 24, 25) | 10 | 100% |
| Contingencies & Commitments Including Off-Balance Sheet Items (para. 26-29) | 10 | 100% |
| Maturity grouping of Assets & Liabilities (para. 30-39) | 10 | 100% |
| Concentration of Assets, Liabilities & Off-Balance Sheet Items(para. 40-42) | 10 | 100% |
| Loans and Advances (para. 43-49) | 10 | 100% |
| General Banking Risk (para. 50-52) | 7 | 70% |
| Assets Pledged as Securities (para. 53-54) | 10 | 100% |
| Trust Activities (para. 55) | 0 | ---- |
| Related Party Transaction (para. 56-58) | 10 | 100% |

Apart from above numerical analysis the detailed version of compliance findings are described as follows:

1. Income and Expenditure Presentation

All the ten banks fully comply with this requirement by showing interest from loan giving and interest paid on deposited amount separately from other sources of income and expenses. So compliance status for this requirement is 100%

2. Interest/ Interest Rate

Interest from investment and interest paid on deposited have been shown separable by all the banks under observation to show the composition at a percentage of rate.

But no comments were made as to average Interest rate, average profit earning assets and average interest bearing deposited and other investment. This is also 100% complied requirement.

3. Grouping of Assets and Liabilities

All the banks comply with the requirement as required by the IAS starting from cash and ended with non-banking assets. Again the compliance status is 100% for this requirement.

4. Valuation of Investment and Dealing Securities

All the ten banks comply with the valuation of Investment and dealing securities.

5. Contingencies & Commitments Including Off-Balance Sheet Items

All the banks show this just after the balance sheet. Contingences and commitments have been shown under off-balance sheet items heading. It is 100% compliance.

6. Maturity grouping of Assets & Liabilities

All the banks comply with the requirement as required by the IAS30.

7. Concentration of Assets, Liabilities & Off-Balance Sheet Items

All the banks show concentration according to division wise, customer wise etc .This requirement is complied by 100%.

8. Loans and Advances

All the banks stated its loans and advances at gross value as per requirements of the Bank Company's act 1991.Provision for loans and advances are made on the basis of information available instructions contained in Bangladesh Bank, BCD circular 12, BRPD circular #16, 09, and 05. Movement of provision was also complied. For this requirement the compliance status is 100%.

9. General Banking Risk

As per the notes to the financial statements, reserve for unforeseen losses has been created on net profit. All banks set aside amount from retained earnings in respect of other contingencies also. This requirement also has

100% compliance status.

10. Assets Pledged as Securities

About all banks under the observation complies with this requirement. Only PRIME Bank presents it two times in categorizing the assets as pledge and against loans and advances

11. Trust Activities

Nothing has been mentioned about the trust activities of the banks by any bank.

12. Related party disclosure

All the banks have mentioned details note as regard to this in notes and disclosure of the financial statement.

8.2. *Effect of Compliance:*

The objective of IAS 30 is to prescribe appropriate presentation and disclosure standards for banks and similar financial institutions which supplement the requirement of other standards. The intention is to provide users with appropriate information to assist them in evaluating the financial position and performance of banks and to enable them to obtain a better understanding of the special characteristics of the operations of banks. The compliance with the standard will face the following scenario:

- ❖ Obviously the major objective of any IAS is to provide true and fair view of the entity to the stakeholders. Consequently the compliance of IAS will enhance the credibility of the information provided.
- ❖ The compliance will also important for the compliance of requirements by the regulatory watchdogs
- ❖ The legal framework of the state also requires the full compliance of IAS.
- ❖ The third pillar of BASEL-2 deals with market discipline through effective disclosure to encourage safe and sound banking practices. This disclosure pillar is closely related to what the International Financial Reporting Standard (IFRS) does with regard to The International Accounting Standard (IAS) 30.
- ❖ This compliance will be helpful for credit rating purpose and can collect investment from outsider also.
- ❖ The compliance will make the management more accountable and thus go a long a way to fulfill the intended objectives of specialization.
- ❖ These banks can meet up their fund problem by issuing shares in the capital market, but before that compliance with required standard is must.
- ❖ All the Islamic banks are in a very new and challenging position to comply with the IAS30 due to different culture. Compliance can help them to get customer confidence in Islamic banking.

8.3. *Effect of Non-compliance:*

IASs are the guidelines to present a true and fair view of the financial performance and financial position of an entity to its users. Obviously if not complied with the standards it poses to some negative results. So it is very clear that the noncompliance will act as a hindrance in fulfilling the core objective of financial reporting. The non-compliance will fetch the following problem.

- ❖ Noncompliance will enhance the scope of corruption by the management.
- ❖ It will not be justifiable to be list in the capital market without perfectly complying the accounting standard.
- ❖ Simply speaking noncompliance of IAS is the violation of laws as according to the Companies Act 1994 and is subject to punishment according to section# 211-218 of the said act.
- ❖ Principally it reduces the degree and scope of usefulness of financial information.
- ❖ Consolidation with other entity becomes difficult due to improper valuation.
- ❖ Earnings management happens continuously and it has severe impact on our resource mobilization.
- ❖ Corporate governance requires compliance with all rules and regulation to uphold the interest of the stakeholders. This is also a part of the corporate social responsibility. So this can't be maintained without full compliance of the required standard.
- ❖ Policy formulation by the Govt. will be in a fix due to lack of real picture of the Islamic banks.

9. Recommendations

After a careful scrutiny of the annual reports of 7 Islamic banks it has been found that the companies are presenting their information on the financial statements in line with the IAS-30. Although the degree of compliance of the banks is very high, following recommendation should considered by all the parties concerned

- ✓ To have a fair picture of the organization as the banks play a significant role in the development of our country, they should comply with all the requirements guided by the nationally and internationally recognized standards.
- ✓ The policies, regulatory and governmental should be reviewed considering the requirements of the IAS-30 and also as to IFRS-7.
- ✓ Due to different nature, a regulatory authority can also be formed to monitor consists of expert from traditional as well as Islamic scholar and to ensure the full version application of the accounting standards.
- ✓ The accounting personnel of the concerned entities should be trained as to the update of the new

accounting pronouncement.

10. Conclusion

Presentation of financial statements complying IASs is of immense importance to the users of those because it enhances the degree and scope of usefulness of accounting information. It is now becoming increasingly evident that existence of properly functioning banking system facilitates the development process in many important ways. Proper accounting and reporting contribute positively on proper functioning of banks. That's why the International Accounting Standards (IAS) 30 is developed to give standardized reporting aspects for banking sector. It is evident from the above analysis that Islamic banks are good at complying with the required compliance by the standard prescribed for them. It is hoped that due to the globalization, private banking can easily capture the essence of the international requirements, which make them competitive in providing the services. Based on the analysis, it has been found that there is no significant difference in terms of compliance of IAS 30, among the seven Islamic banks. That means all of the sample banks try to follow similar items needed to comply with the international standard in order to provide accountability and transparency in financial reporting, which ensure maximum disclosure of the relevant, reliable and useful information to the interested user groups. In fine it can be culminated that preparation of financial statements of the companies in line with the IAS-30 is satisfactory but still subject to solve the differentiations between traditional rule and Islamic principles. So to eliminate the deviation due to different philosophy of Islamic banking it is demanding that all the relevant bodies should work together to develop a unique standards for the financial reporting standard of Commercial banking .

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