CONVERGENCE WITH IFRS-IMPLICATIONS AND RISKS IN BANKING SECTOR

MRS. N. SUMA REDDY*; DR. (MRS.) N. V. KAVITHA**

*LECTURER-COMMERCE DEPARTMENT,
ST. ANN’S COLLEGE FOR WOMEN, MEHDIPATNAM,
HYDERABAD

**DEAN ADMINISTRATION & HOD COMMERCE DEPARTMENT,
ST. ANN’S COLLEGE FOR WOMEN, MEHDIPATNAM,
HYDERABAD

ABSTRACT
Convergence with International Accounting Standards (IASs)/ International Financial Reporting Standards (IFRSs) (Collectively referred to as IFRs); issued by the International Accounting standards board (IASB) has gained momentum in recent years all over the world.

Increased Economic globalization over the past twenty years sparked demand for a single worldwide set of high quality accounting standards which prompted many countries to pursue convergence of national accounting standards with IFRS. The recent financial crisis has redefined the broad contours of regulation of the banking sector globally. The need for convergence in banking regulation stems from the fact that while banking has become global, banking regulation is national. Convergence with IFRS would allow India to consider local economic conditions and business environment while preparing converged accounting standards thus enabling an orderly transition while safeguarding the interests of Indian enterprises and providing them enough time for transition. This paper explores to examine the implications of convergence with IFRS, convergence strategy, risks that the Indian banks would face in converging with IFRS and also suggests suitable action steps taken for convergence with IFRS. The approach to the study is based on the secondary data gathered from related literature published in the journals, newspaper, books, statements, reports. The Convergence with IFRS in the Indian banking sector benefits various stakeholders and brings uniformity in reporting system globally, enabling businesses, finances and funds to access more opportunities.

KEYWORDS: IFRS, convergence with IFRS, Convergence strategy, Implications and Risks