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The Opportunities and Challenges of Adopting International Financial Reporting Standards in Saudi Capital Market

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Abstract : The International Accounting Standards Board (IASB) was established in 2001 to develop International Financial Reporting Standards (IFRS) that bring transparency, accountability, and efficiency to financial markets around the world. In addition, the IFRS provide a unified accounting language, which is especially important in the era of globalization. However, the establishment of a single set of high-quality international accounting standards is a matter of growing importance, as participants in the increasingly integrated world capital market demand comparability and transparency of financial reporting worldwide. Saudi Arabia became the 149th member of the World Trade Organization (WTO) on 11 December 2005, which has increased the need to convert to IFRS. Currently, the Saudi Arabian Monetary Authority (SAMA) requires banks and insurance companies in Saudi Arabia to report under IFRS Standards. However, until the end of 2016, SOCPA standards were applied to all other companies, listed and unlisted. From 2017, listed Saudi companies would be required to report under IFRS Standards as adopted by SOCPA effective 2017. This paper is to investigate the expected benefits gained and highlight the challenges faced by adopting IFRS by the listed companies in the Saudi Stock Exchange. Questionnaires were used as the main method of data collection. They were distributed to listed companies in the Saudi Capital Market. Data obtained through the questionnaires have been imported into SPSS statistical software for analysis. The expected results of this study will show the benefits of adopting IFRS by Saudi Listed Companies. However, this study will investigate the challenges faced by adopting IFRS by the listed companies in the Saudi Arabian Stock Market. Findings will be discussed later upon completion of initial analysis.

Keywords : challenges, IAS, IFRS, opportunities, Saudi, SOCPA
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