

The Disclosure of Risk in Financial Statements

Kirti Talwar

Satya College of Engineering & Management

E-mail: kirti.talwar1984@gmail.com

Abstract—The accounting information currently issued by firms is not wholly adequate when used for decision making purposes, and within that process, for forecasting, for which additional information on risks is required. Therefore a reform of the current framework becomes necessary. Within this reform an adequate scheme and typology for the risks facing firms must be established and a set of specific risk quantification models must be designed. This paper focuses on issues, showing all the risks that can affect firms and proposing a quantification model for each one International Financial Reporting Standards

- [1] IFRS 7 provides guidance for disclosure of risk related to financial instruments
- [2] Disclosure requirements are both qualitative and quantitative
- [3] IFRS 7 Disclosure Requirements-General

Qualitative Disclosures shall include:

- The exposures to risk and how they arise
- Objectives, policies and processes for managing the risks and methods used to measure the risk
- Any changes from previous period

Quantitative Disclosure shall include:

- Summary quantitative data about the exposures to risks
- Specific requirements related to certain defined risks (e.g., credit risk)

The following questions may assist in the evaluation of risk disclosures:

Do investors understand the risk disclosures? Are risk disclosures important for investors? How do investors use risk disclosures in making investment decisions? How satisfied are investors with risk disclosures? How discrete will, or do, the risk disclosures need to be? What has been the quality and compliance with mandated risk disclosures under IFRS 7? To what extent are other useful related risk disclosures provided voluntarily? How can these risk disclosures be improved?

Keywords: Accounting information, Risk, Risk quantification models, Value at risk

Recent Trends in Financial Innovation: Implications for India

D. Srijanani and Pattela Krishna Chaitanya

Vignana Jyoth Institute of Management

E-mail: d.srijanani@vjim.edu.in, srijanani04@gmail.com, pattelakrishna.chaitanya@vjim.edu.in

Abstract—

Need for Research

Despite the unsettling and even dramatic recent global experience with “cutting edge” finance, the world identifies the importance of finance for rapid and sustainable growth. There are some key lessons to be learnt from financial innovation. Many critics and policy-makers in India and abroad have concluded that financial innovation is to be actively discouraged. But the present paper believes that it is a wrong lesson to draw.

The financial Industry has undergone phenomenal changes in recent years. The process of these changes owes to the globalisation, financial market integration and innovation. With the progressive dismantling of regulatory and technological barriers, competition among financial institutions within and across national frontiers has become intense. Financial innovation—like innovation elsewhere in business—is an ongoing process whereby private

parties experiment to try to differentiate their products and services, responding to both sudden and gradual changes in the economy. There has been a proliferation of new financial products and techniques. Financial products have complex interlinkages between money markets, capital markets, equity markets and foreign exchange markets. The speed with which these products are being created and sophisticated with the same speed they are being discarded. In this context it is essential to ensure that the banks risk management systems and the regulatory system must keep up with the pace of innovation.

Objectives of the Study

The present paper is a study of the recent trends in financial innovation and its implications for India. The paper also attempts to study the relation between economic growth and the state of development of the financial sector.

Methodology

The study is based on secondary data collected for various IMF, World Bank, RBI reports, articles from journals, magazines and newspapers.

Findings

Despite the current difficulties and challenges, financial innovation will continue to play an important role in promoting global growth.

Keywords: Innovation, financial products, regulatory system, economic growth, competition, technological barriers

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An Empirical Study of Innovative Investment Product for Indian Investors in the Economic Downturn and Role of Indian Commercial Banks in Servicing this Economic Need

Svetlana Tatuskar and Arti Modi

IES Management College and Research Centre

E-mail: svetlanatatuskar@rediffmail.com, arti_4g@yahoo.com

Abstract—In the era of economic and financial turmoil today, where the investment patterns of Indian investors is at a five year low, this paper attempts to critically evaluate the perceptions of investors towards investment patterns and the role that the Indian Commercial Banks can play in dispelling and improvising the investment scenario in the country.

The Indian investors have always looked at our Indian banking investment products as the safest investment option. The confidence that the Indian investors have reposed with our Indian banks coupled with the positive policy changes that our Indian banking regulatory authorities have undertaken in the structure, working and regulatory framework of the Indian bank have now made our Indian banks to be positively comparable on several parameters with banks the world over.

However the tough competition and overall economic scenario calls for innovative and proactive thinking by our Indian Banks. Today many banks have started thinking of innovative products and services so that they can retain their existing customers and add new customers whilst improving the country's investment scenario.

This research is a critical study of innovative investment strategies that can be thought about by our Indian Banks keeping in mind the need, aspirations, current investment patterns and demographics of our Indian investors. Questionnaires dealing with investor's needs, likes, demographics, investment patterns, proposed investment options, were distributed to banking customers in the Indian metros Interviews were also conducted with bank managers.

The data collected through the questionnaire was analyzed through SPSS using descriptive analysis, Non-parametric Friedman's Test and cross tabulations, ANOVAs and t test.

The results significantly reflected the Indian investor's perception towards their investment strategies and investment patterns that the Indian customers would expect. These papers also reflected the role that our Indian commercial banks can play in servicing these investment pattern needs of our investors and thereby improvise the investment scenario in the country.

Keywords: Islamic Banking, Banking Products and Services, Conventional Banking, Marketing strategies.
