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Perception of the stakeholders of the Romanian banking system on the adequacy of current accounting regulation

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Abstract

Research Question: What is the perception of the stakeholders of the Romanian banking system on the adequacy of current accounting regulations?

Motivation: The motivation of this research is supported by the existence of a gap in the specialised literature: the perception of the interested parties of the banking sector regarding the degree to which the new financial reporting standards, IFRS 9, IFRS 15 and IFRS 16 have achieved their main objectives, that is if the information presented in the financial statements is sufficient in forming decisions by users. Research also aims to determine the suitability of accounting regulations in the context of the emergence of new risks affecting the banking sector, for instance COVID-19 pandemic and the risk of global climate change.

Idea: The basic research idea is the analysis of the Romanian banks' stakeholders' perception regarding the degree of adequacy of the accounting regulatory framework in the current economic context and emerging risks.

Data: The data was collected from 104 stakeholders, distributed into four groups.

Tools: The online questionnaire survey strategy was used to collect the data. Analyses were conducted using the R programming language. To identify the factors that influenced the perceptions of the stakeholders and the differences in the respondent groups, Kruskal-Wallis and Mann-Whitney tests were applied.

Findings: Stakeholders expressed a high level of agreement on the extent to which IFRS 9 has achieved its main objectives, that is to simplify the way financial instruments are accounted for and the early recognition of impairment adjustments. Also, stakeholders consider that national regulations and EBA's instructions and guidelines should be amended

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to provide clarifications regarding the application of IFRS principles in estimating the effects of emerging risks affecting the banking sector.

Contribution: Addresses a gap in the specialized literature by investigating the perception of stakeholders regarding the implementation of the IFRS reform in recent years in the Romanian banking sector. Provides the local regulator with evidence regarding the accounting rules that, from the perspective of the interested parties, require changes to facilitate the process of estimating the effects of emerging risks on the financial performance of credit institutions.

Keywords: banking sector, stakeholders, IFRS, accounting professionals, internal auditors, external auditors

JEL codes: M41, M42

1. Introduction

The financial crisis between 2007 and 2009 claimed the adequacy of banking governance and regulatory frameworks that focus primarily on maximising shareholder value (Senior Supervisors Group, 2009). Specifically, banks with boards of directors whose attention was substantially directed toward shareholders experienced significantly higher losses during the crisis (Beltratti & Stulz, 2012). Laeven (2013) argues that post-crisis banking reforms encourage banks to place greater emphasis on stakeholder value creation to ensure the safety of the sector.

One such reform is that of financial reporting according to IAS/IFRS. The substantial changes brought about by the reporting principles were aimed at increasing the quality of financial reporting by more faithfully representing the economic substance of transactions and increasing the usefulness of financial information in the stakeholders' decision making. Dedicated literature is well represented by studies dedicated to the quality of financial reporting (André *et al.*, 2015; Daske *et al.*, 2013; Albu & Albu, 2012; Aubert & Grudnitski, 2011) and to the transparency of financial reporting (Demmer *et al.*, 2015; Choi *et al.*, 2013; Beuselinck *et al.*, 2010). With the IAS/IFRS reform in recent years, the requirements for mandatory disclosures have grown exponentially. The basic research question is the analysis of the Romanian banks' stakeholders' perception regarding the degree of adequacy of the accounting regulatory framework in the current economic context and emerging risks. The number of IAS/IFRS studies for the banking sector is relatively limited. For this particular sector, researchers considered the impact of IAS/IFRS implementation on financial results (Palea & Scagnelli, 2017; Bushman & Landsman, 2010), quality of financial reporting (Guo & Matovu, 2012; Gebhardt & Novotny-Farcas, 2011), liquidity and cost of the capital (Dimitras *et al.*, 2018; Alexandre & Clavier, 2016).

The motivation of this research is supported by the existence of a gap in the specialised literature: the perception of the interested parties of the banking sector regarding the degree to which the new financial reporting standards, IFRS 9, IFRS 15 and IFRS 16 have achieved their main objectives, that is if the information presented in the financial statements is sufficient in forming decisions by users. The stakeholders' theory supports our research: investors should not be privileged when disclosing financial data but all stakeholders should be equally treated when presenting companies' information (Freeman, 1984). Research also aims to determine the suitability of accounting regulations in the context of the emergence of new risks affecting the banking sector, for instance COVID-19 pandemic and the risk of global climate change.

The research was carried out by preparing and disseminating a questionnaire to stakeholders of the banking system, namely the employees of credit institutions and their statutory auditors. Following the responses received, the opinions of the stakeholders and their influential factors were analysed.

As results of our study, respondents expressed a high level of agreement on the extent to which IFRS 9 has achieved its main objectives, that is to simplify the recognition of financial instruments and early impairment adjustments. However, significant differences – argued inside the results section were identified between the groups of stakeholders. Another conclusion derived from the stakeholders' responses is that national regulations and the EBA's instructions and guidelines should be amended to bring clarifications or additions regarding the application of IFRS principles in estimating the effects of emerging risks affecting the banking sector. They consider that instructions and guidelines on IFRS 9 principles are sufficient to determine the impact of the COVID-19 pandemic on the financial instruments impairment adjustments but insufficient to estimate the effects of climate change risk. The conclusions are converging with similar ones from the dedicated literature which highlights, especially for IFRS 9, the need for additional guidelines (Kvaal *et al.*, 2023).

The study was structured as follows: in the first part, the theoretical framework underlying the research was identified and described, respectively, the stakeholders' theory and the review of the main findings and conclusions of specialised literature. Subsequently, the research methodology was described, and the research results were presented.

2. Stakeholder theory

Stakeholder theory was constructed by Freeman (1984) as part of the strategic management of an organisation. The term stakeholders used within the theory refers to groups of constituents who have a legitimate right to an entity (Freeman, 1984;

Pearce, 1982). This legitimacy is established by the existence of an exchange relationship. Hill and Jones (1992) argued that an entity's stakeholders include shareholders, creditors, directors, employees, customers, suppliers, local communities, and the public. Robertson and Nicholson (1996) state that dominant stakeholders are customers, employees, and the community. Carroll (1999) emphasizes that each entity has a slightly different set of stakeholders, but broadly speaking, they are similar.

Freeman *et al.* (2007) divide stakeholders into two categories. The first category refers to internal stakeholders such as employees, suppliers, financiers, customers and communities. The leadership of an organisation must pay close attention to these groups and understand the values to which they adhere. The second category refers to external stakeholders, such as competitors, consumer advocacy groups, government, media, and special interest groups. These groups can affect or be affected by an entity and influence the relationship between the entity and its internal stakeholders. According to March and Simon (1958, cited in Hill & Jones, 1992), each of the previously mentioned groups can be seen as providing critical resources to an entity which, in return, expects its interests to be satisfied through incentives. An important aspect in the development of an entity is the awareness that they cannot act as if they exist for the benefit of only one stakeholder, namely the shareholders (Phillips, 2002). Such pressure causes other stakeholders to be neglected (Reich, 1998).

For this reason, the stakeholder needs model attempts to resolve the moral shortcomings of the shareholder needs model (Rissy, 2021). Phillips *et al.* (2003) state that stakeholder theory is distinctive as it explicitly addresses morals and values as a central feature of organisational leadership. Also, Jones and Wicks (1999) insist that the stakeholder approach has a normative legitimation that is explicit and helps managers to govern business in an ethical way.

Considering the classification of Freeman *et al.* (2007) to achieve the research objectives, two types of stakeholders were considered, as follows: employees of credit institutions as internal stakeholders and the statutory auditors of these institutions as external stakeholders.

Employees are widely recognised as a key stakeholder group (Global Reporting Initiative, 2006; Organisation for Economic Co-operation and Development, 2004; Commission of the European Communities, 2001; Institute for Social Responsibility and Ethics, 1999; Donaldson & Preston, 1995; Freeman, 1984). A similar recognition is also applicable to human resource management for the overall success of an organisation (Berman *et al.*, 1999; Jones, 1995; Pfeffer, 1984). Employees are recognised as organisational stakeholders in that they can affect or are affected by the achievement of an organisation's goals (Jones, 1995; Solomon, 1992; Evan & Freeman, 1988; Freeman, 1984). According to Donaldson and Preston (1995) and

Summers (1982) employees have made a much greater investment through their years of service, may have a much-reduced ability to withdraw, and may have a greater interest in the future of an organisation than many of its shareholders. Furthermore, employees are formally recognised in occupational health and safety and equal opportunity legislation as significant and legitimate stakeholders of a company (Williams & Adams, 2013).

From the perspective of financial reporting, employees within credit institutions are responsible for studying, understanding and applying the reporting principles for the preparation of financial statements, considering the specifics of the activities carried out at the institution level. Also, in the event of significant changes in the reporting standards, such as the IAS/IFRS reform in recent years, other categories of employees are involved in the implementation projects, who come to support the employees directly involved in the reporting process, such as: specialists in banking risk, project management, business analysis, and financial planning. At the same time, within the implementation projects of new financial reporting standards, internal auditors can play an important role as Alzeban (2018) reveals.

From the perspective of external stakeholders, the study focused on external auditors of credit institutions. This category of stakeholders has been strongly affected by the IAS/IFRS reform from many perspectives, such as staff training, updating audit programmes, allocating additional resources, developing new test procedures and engaging experts to verify complex new areas inserted. The motivation for selecting this interested party is that the activity of the statutory (external) auditors is directly influenced by the implementation of the new financial reporting principles and as a result, their opinion is fundamental to achieving the objectives of this research.

3. Literature review

The adoption of IAS/IFRS at the global level has enjoyed a lot of attention from researchers, with numerous studies being carried out, both ex ante and ex post, regarding the effects of the implementation of financial reporting standards on companies. The researchers used both quantitative research methods, which consisted of the analysis of secondary data collected from sources such as international databases, annual reports and financial statements of companies and qualitative research methods, which aimed to analyse the perceptions of stakeholders, the primary data being collected through questionnaires and interviews.

Most of the research investigating stakeholder perception of IAS/IFRS adoption focusses on a specific jurisdiction: Australia (Pawsey, 2008), Bahrain (Joshi *et al.*, 2008; Joshi & Ramadhan, 2002), the Czech Republic (Procházka, 2016), Jordan (Al-Htaybat, 2017), Indonesia (Wahyuni, 2011; Siregar *et al.*, 2020), Japan (Ozu *et al.*, 2018), Nigeria (Uthman & Baki, 2014), Romania (Dănescu & Spătăcean, 2013; Albu & Albu, 2012; Gîrbină *et al.*, 2012; Ionașcu & Ionașcu, 2012; Albu *et al.*, 2011), Turkey (Uyar & Güngörmüş, 2013), Spain (Navarro - Garcia & Bastida, 2010), Vietnam (Phan *et al.*, 2014). However, there are also studies that investigate the perceptions of stakeholders regarding the implementation of IAS/IFRS at the level of several jurisdictions, such as Albu *et al.* (2013) who analyse the perceptions of stakeholders in the Czech Republic, Hungary, Romania and Turkey.

Studies investigating stakeholders' perceptions of IAS/IFRS adoption in the banking sector are less numerous. They focus on a particular jurisdiction and were conducted mainly in the context of the first-time adoption of IAS/IFRS. The research methods are similar and involve the dissemination of questionnaires or carrying out interviews with stakeholders of the banking sector, identified as accounting professionals within the banks, financial analysts, external auditors and regulatory authorities.

Bean and Irvine (2015) study bank analysts' perception of the usefulness of derivative financial instrument disclosures in Australian banks' annual reports to capital market participants, considering IFRS 7 disclosures. Analysts' conclusion indicates that information presentations tend to be prepared in a generic and uninformative way, focused on year-end results rather than a real understanding of risk and risk management practices and argue that numbers mean little without an information ecosystem to support them.

Sharma *et al.* (2017) examines the perceptions of accounting and banking professionals on the challenges faced in implementing IAS/IFRS in the Indian banking sector. Both groups of respondents agree on the value and long-term utility of harmonising financial reporting standards globally. At the same time, both groups expect a significant number of challenges during the transition period, although younger and more qualified accounting professionals are more receptive to IAS/IFRS implementation compared to older and less qualified professionals.

Almansour (2019) studies stakeholder perceptions of IAS/IFRS implementation by banks in Saudi Arabia. The analysis carried out reveals that most study participants (bank accountants, financial analysts, auditors and academic professionals) agree with the decision of the regulatory authorities to adopt IAS/IFRS for the banking sector and the main obstacles encountered as perceived by stakeholders are the lack of IAS/IFRS specialists and implementation guidelines.

Regarding Romania, Gîrbină *et al.* (2012) investigated the perception of representatives of credit institutions responsible for the transition to IAS/IFRS regarding the costs and benefits of implementation. The results of the study show that the transition to IAS/IFRS is perceived as a positive evolution of the banking sector and the balance between cost and benefits is also evaluated as positive.

Considering the established objectives of the study, the following research hypotheses were defined and tested.

Hypothesis no. 1: IFRS 9 has achieved its main objectives of simplifying accounting for financial instruments and early recognition of expected credit loss (ECL).
Hypothesis no. 2: The COVID-19 pandemic did not significantly influence the evolution of the ECL related to the loans granted and implicitly the financial result of the credit institutions.
Hypothesis no. 3: Instructions and guidelines issued by the competent authorities are not sufficient to determine the effect of climate risks and those generated by the COVID-19 pandemic on ECL.
Hypothesis no. 4: IFRS 16 has achieved its main objectives of reflecting the economic reality of lease transactions and increasing the comparability of financial performance across the banking sector.
Hypothesis no. 5: The implementation of IFRS 15 did not have a significant effect on the financial performance of credit institutions.
Hypothesis no. 6: The financial information presented in the financial statements of credit institutions is not sufficient for stakeholders.
Hypothesis no. 7: The non-financial information presented in the annual reports of credit institutions is not sufficient for stakeholders considering the new regulations on sustainable corporate reporting.
Hypothesis no. 8: The information presented in the financial statements on the effect of climate risks and those generated by the COVID-19 pandemic on the activity of credit institutions is not transparent.

4. Research methodology

To achieve the established objectives related to this study the researchers resorted to a positive type of research based on a structured questionnaire as research technique. As a result, a questionnaire was created and distributed to collect data on how the IAS/IFRS reform achieved its objectives, namely, the degree of adequacy of current accounting regulations in the context of emerging risks.

For this research, the self-administered questionnaire method (Saunders *et al.*, 2016), transmitted over the Internet, was used. The content of the questionnaire was divided into two sections: the first section contains five questions about the professional experience of respondents and the employer's characteristics, while the second section contains 15 questions that address the research topic. The questions in the second section are in turn divided by research topics, namely IFRS 9, IFRS 16, IFRS 15 and the presentation of information from the annual financial statements.

For most of the questions the answers were scored using a Likert scale and for each question the answer "don't know" was entered. Additionally, for each question, a section was included where respondents had the opportunity to provide additional details related to the score awarded. At the same time, there are a series of questions that explore the opinions of interested parties regarding the degree of adequacy of information presentations in financial statements and accounting regulations for which the answer variants were formulated by the researcher. For these questions, the possibility of giving a different answer than the predefined ones were also included.

The questionnaire was tested to verify its reliability and adequacy in achieving the objectives and therefore it was sent to a selection of members from each category of the sample. 20 questionnaires were sent during the pilot exercise of which 18 were returned. 14 were completed in Minor criticisms were made of the 15 questions thus leading to their redo.

The study participants were selected by the researchers based on their experience with the phenomenon under investigation. This type of method is recommended when the categories of information and the number of respondents involved are limited (Sekamn, 1992). The sample was built taking into account the following limitations: a first limitation is given by the fact that the principles of financial reporting according to IAS/IFRS applicable to credit institutions are complex and specific and their application requires in-depth knowledge in the field; a second limitation consists of the fact that it is difficult to identify the total number of professionals within credit institutions and statutory audit firms whose predominant activity involves the application of IAS/IFRS principles on a continuous basis.

The questionnaires were distributed to four groups of respondents whose activity is affected by the application of the IAS / IFRS principles by credit institutions. The first group of stakeholders is represented by professionals from the financial accounting and reporting departments of credit institutions whose predominant activity involves the application of IAS/IFRS principles on a continuous basis, the preparation of financial statements and the reports requested by the National Bank of Romania [BNR].

The second group of stakeholders is represented by internal auditors of credit institutions that evaluate the effectiveness of the internal control system for financial reporting. In addition, internal auditors are responsible for reviewing annual financial statements before they are issued.

The third group of stakeholders includes professionals from departments whose activity is related to the application of IAS/IFRS, respectively: risk, internal control, compliance, analysis, financial planning, and treasury. This group is called "Other" in the research.

The fourth group of stakeholders is represented by external auditors of credit institutions who express an opinion on the financial statements prepared in accordance with IAS/IFRS. External auditors are a stakeholder group with extensive knowledge of financial reporting and who participate in international and national consultations on proposed changes to the accounting regulatory framework.

The questionnaire distribution process began in February 2022 and was completed in April 2022. Questionnaires were distributed to the four groups described in Table 1 using an online survey tool. 160 questionnaires were distributed of which 117 were returned. 13 questionnaires were removed from the analysis because they were not fully completed. Finally, a response rate of 65% was obtained, representing the valid questionnaires used for the purpose of the investigation. Data collected through the questionnaires were analysed using the R programming language. Statistical analysis involved the choice of appropriate statistical tests based on certain statistical assumptions (Field, 2009), thus generating a quantitative type of research.

Table 1. Survey sample

Stakeholders	**Number of questionnaires distributed**	**Number of questionnaires returned**	**Number of questionnaires excluded**	**Number of questionnaires analysed**	**Analysis rate (%)**
Internal stakeholders					
Professionals from finance – accounting departments	50	45	4	41	82
Internal auditors	30	22	4	18	60
Other professionals	30	19	4	15	50
External stakeholders					
External auditors	50	31	1	30	60
Total	160	117	13	104	65

Source: author’s own analyses

5. Results and interpretations

Before actual analysis, a picture of study participants was outlined to demonstrate the relevance of the opinions collected from them.

5.1 Data analysis of research sample

The analysis of the data structure regarding the study participants considered the following criteria: field of activity (department in which they work), experience in the field of activity and the credit institution's membership of an international group.

The results of the data structure analysis regarding the study participants indicated that 71.15% of the respondents are internal stakeholders of the credit institution, while 28.85% are external stakeholders that is external auditors. As for internal stakeholders, the most significant weight is held by professionals who work in financial accounting departments (39.42% of all respondents), followed by internal auditors (17.31% of all respondents).

Regarding the structure based on experience in the field of activity, 51% of respondents have considerable experience in the field of activity, respectively: 17.3% between 10 and 15 years and 33.7% over 15 years. 26.9% of the participants fall into the average experience category, that is, between 5 and 10 years, while 22.1% have less than 5 years of experience in the field of activity.

The results stratified by stakeholder groups, presented in Table 2, revealed that 63.3% of the professionals in the financial - accounting departments have an experience in the field of more than 10 years, which may indicate a high level of knowledge and familiarity with the IAS/IFRS principles, considering that the daily activity involves the application of these principles. For other intervals of experience, a balanced distribution of respondents was observed: 14.6% have experience in the field between 5 and 10 years, 12.1% between 3 and 5 years and 9.8% are found at the beginning of the career in the field, having up to three years of experience. A similar distribution was found for internal auditors. 72.2% of internal auditors have more than 10 years of experience in the specific field of activity. Regarding professionals from other departments of credit institutions, a balanced distribution was observed at the level of seniority ranges, except for professionals with up to three years of experience in the field, who have a weight of only 6.6 % of total participants in this category.

An interesting aspect was revealed in the case of external auditors. Unlike the other groups of stakeholders where the most significant share was held by professionals with more than 10 years of activity, for auditors a share of 70% of the participants have an experience in the field between 3 and 10 years. This is not surprising given the high turnover of staff known in the labour market within the Big4 audit firms. Professional auditors who have more than 10 years of experience have extensive experience in the field of financial reporting.

Table 2. Number and structure of respondents based on their experience in the field

Experience in the field	Internal stakeholders						External stakeholders	
	Finance Accounting	%	Internal Audit	%	Other	%	External audit	%
Less than 3 years	4	9.8	2	11.1	1	6.6	3	10

Experience in the field	Internal stakeholders						External stakeholders	
	Finance Accounting	%	Internal Audit	%	Other	%	External audit	%
Between 3 and 5 years	5	12.1	1	5.6	3	20	4	13.3
Between 5 and 10 years	6	14.6	2	11,1	4	26.7	16	53.3
Between 10 and 15 years	5	12.1	5	27.8	3	20	5	16.7
Over 15 years	21	51.2	8	44.4	4	26.7	2	6.7
Total	41	100	18	100	15	100	100	100

Source: author's own analyses

Membership of an international banking group is relevant in the context of the IAS/IFRS reform in the sense that international banking groups have resources available to ensure a robust implementation of the new requirements, starting from the selection of applicable principles, the definition and implementation of processes and the training of employees. These groups tend to share available resources with the banks in the group, for consistent group-wide application of a reporting standard. Thus, it is likely that professionals from banking institutions that are part of an international group have benefited from more complex specialized training, respectively from continuous training during the implementation of financial reporting standards, compared to domestic credit institutions or those owned by other third parties, who relied on the internal experience of professionals or turned to external consultants. Consequently, stakeholders' perceptions of the IAS/IFRS reform are also likely to be different.

The results of the data structure analysis regarding the credit institution's membership in an international banking group indicated that 71.6% of the respondents work in a credit institution whose majority shareholder is a foreign legal entity active in the banking field. This result is directly correlated with the fact that approximately 75% of credit institutions operating on the banking market in Romania are part of an international banking group.

For internal stakeholder categories, the concentration towards professionals working in a credit institution that is part of an international banking group was observed (Table 3). In all situations, this category of stakeholders represents at least 60% of the participants. The data structure analysis of the study participants is useful in interpreting the results of the quantitative analyses carried out based on the responses received from the respondents.

Table 3. Number and structure of respondents based on their membership in a multinational group

Credit institution member of an international banking group (Yes/No)	Internal stakeholders					
	Finance Accounting	%	Internal Audit	%	Other	%
Yes	29	70.7	11	61.1	13	86.7
No	12	29.3	7	38.9	2	13.3
Total	41	100	18	100	15	100

Source: author's own analyses

5.2 Analysis of research results

The questionnaire started with a general question to identify the new financial reporting standards that had a significant impact on the activity of credit institutions and implicitly on their financial statements. Three answer options were defined, namely IFRS 9, IFRS 16 and IFRS 15, with respondents being instructed to select one or more options, depending on applicability. Additionally, respondents had the opportunity to offer a different answer than those defined by the researcher.

The results of the study revealed that 96% of the study participants recognized the significant impact of IFRS 9 on the financial statements of credit institutions. The perceptions of the stakeholders of the banking sector in Romania confirm the important reform that IFRS 9 brought to the activity of credit institutions at an international level, widely recognized in the dedicated literature (Camfferman, 2015; Novotny-Farkas, 2015; Domikowsky *et al.*, 2014).

The results partially confirm other research that states the significant effect of the adoption of IFRS 9: Lopez-Espinosa and Penalva (2023) found that in Spain IFRS 9 applied in the context of the Covid-19 pandemic negatively influenced small banks and insignificantly large banks. Furthermore, 47% of study participants identified IFRS 16 accounting principles as having a significant impact on financial statements.

Regarding IFRS 15, only 8% indicated that the principles of this standard had a significant effect on the financial statements of credit institutions. The low importance given to IFRS 15 can be explained by the fact that only part of the principles of this standard are applicable to the activities of credit institutions. Specifically, banks apply IFRS 15 only to recognize fee income that is not part of the effective interest rate. In practice, most of the commissions charged by credit institutions are included in effective interest rate and the recognition of interest income is carried out according to the principles of IFRS 9. Consequently, based on the responses received from the respondents, we can conclude that the implementation of IFRS 15 did not have a significant impact on the activity of credit institutions and implicitly on their financial statements. Thus hypothesis no. 5 was validated.

Stakeholders' perceptions regarding IFRS 9 implementation

The results of the descriptive statistics, presented in Table 4, indicated that 51% of the respondents have strongly agreed that the principles of IFRS 9 have achieved their main objectives of simplifying accounting of financial instruments and early recognition of ECL. The overall mean of the responses to the first statement was 3.24, while the median was 4, indicating a high level of agreement among the respondents. Furthermore, the specialized literature (Orban and Tamimi, 2023) recognizes the strong link between IFRS 9 and the quality of financial reports prepared and presented by banks.

Regarding the effect of the COVID-19 pandemic, only 30.7% of the respondents strongly agreed that the ECL was significantly influenced. The overall mean of the responses for the second statement was 2.95, while the median was 3, indicating an average level of agreement among the respondents.

Regarding the degree of adequacy of the guidelines and instructions issued by the competent authorities, only 23.1% of the respondents agreed that they are sufficient to assess the impact of the COVID-19 pandemic on ECL calculated under IFRS 9. The general mean of the responses to this statement was 2.66, while the median was 3, indicating a medium level of agreement between the respondents.

Regarding the guidelines and instructions issued in relation to climate risks, only 8.7% of the respondents agreed that they are sufficient for assessing the impact of these risks on the ECL calculated according to IFRS 9. The overall mean of the responses for this statement was 2.01, while the median was 2, indicating a low level of agreement between the respondents.

To measure the reliability of the questions in this part of the questionnaire, Cronbach's alpha test was performed. Although there is no universally accepted cut-off score, a score above and including 0.7 is considered acceptable (Gadermann, *et al.*, 2012; George & Mallery, 2003). The Cronbach's alpha test result produced a coefficient of 0.7 for these questions, indicating good reliability

Breaking down the data by stakeholder category, presented in Table 5, it was observed that stakeholders in the "Other" category expressed the highest level of agreement with the first statement, with an average score of 3.67, followed by external auditors (3.57). Regarding the second statement, the highest mean score came from external auditors (3.27), followed by internal auditors (2.94). Regarding the third statement, the average scores were: external auditors (3), financial accounting employees (2.68), internal auditors and other interested parties (2.33). For the last statement, the following average scores were recorded: external auditors (2.13), financial accounting employees (2), other interested parties (1.93) and internal auditors (1.89).

The results of the Kruskal-Wallis test indicated that there were no significant differences between the perceptions of the four stakeholder groups with respect to statements 2, 3 and 4. However, there was a significant difference with respect to statement no. 1 focusing on stakeholders' perceptions of the extent to which IFRS 9 has achieved its main objectives ($p = 0.044$, below the accepted level of 0.05).

The results of the Mann-Whitney test confirmed that the level of agreement of the stakeholders in the "Other" category was significantly different from the other three groups. The variations identified between the agreements expressed by professionals from the "Other" stakeholder category and internal auditors can be explained by the level of depth in the understanding of IFRS 9 principles derived from the fact that the activity of these professionals does not involve their recurrent application. For example, internal auditors carry out internal audit missions in financial reporting according to the annual planning, built based on a risk assessment. In general, internal audit missions in the field of financial reporting are carried out annually, sometimes at longer intervals, depending on the assessed level of risk, which vary from one credit institution to another.

Table 4. Descriptive statistics on stakeholder perception on IFRS 9 Financial Instruments

Statement	Agreement level* (%)						Total average score	Standard deviation	Median (25-75)
	5	4	3	2	1	Don't know			
1.The principles of IFRS 9 have achieved their main objectives, namely simplification of the way of accounting for financial instruments and early recognition of expected losses for impairment.	10.6	40.4	29.8	8.6	2.9	7.7	3.24	1.29	4 (3-4)
2. The effect of the COVID-19 pandemic on the evolution of expected losses from the impairment of financial assets, determined according to the principles of IFRS 9, was significant.	6.7	24	38.5	24	2	4.8	2.95	1.12	3 (2-4)
3. The instructions and guidelines issued by the competent authorities are sufficient to assess the impact of the COVID-19 pandemic on the expected losses from impairment of financial assets, determined based on the principles of IFRS 9.	3.9	19.2	34.6	29.8	6.7	5.8	2.66	1.15	3 (2-3)
4. The instructions and guidelines issued by the competent authorities are sufficient to assess the effect of climate risks on the expected losses from the impairment of financial assets, determined based on the principles of IFRS 9.	0.0	8.7	26.9	28.8	27.9	7.7	2.01	1.1	2 (1-3)

Note: 5 (very strong agreement), 4(strong agreement), 3 (agreement), 2 (little agreement), 1 (very little agreement)*

Source: author's own analyses

Another explanation can be that, for example, the activity of professionals from the financial analysis and planning departments, respectively risk management, does not require the understanding and application of all IFRS 9 principles, but only a part of them. Consequently, the perceptions of these professionals are limited to the principles applied within the activity carried out. At the opposite pole, no significant differences were identified between the perceptions of professionals within the financial and accounting departments and of external auditors, stakeholders who repeatedly apply the principles of IFRS 9 for the accounting registration of financial instruments and the preparation of financial statements, respectively, the auditing of financial statements.

Table 5. Descriptive statistics on group mean responses and Kruskal-Wallis test results

Statement	Level of agreement (%) based on field of activity* (mean)				*p* value of Kruskal-Wallis test
	FC	AI	A	AE	
1.The principles of IFRS 9 have achieved their main objectives, namely simplification of the way of accounting for financial instruments and early recognition of expected losses for impairment.	3.1	2.67	3.67	3.57	0.044
2. The effect of the COVID-19 pandemic on the evolution of expected losses from the impairment of financial assets, determined according to the principles of IFRS 9, was significant.	2.73	2.94	2.93	3.27	0.248
3. The instructions and guidelines issued by the competent authorities are sufficient to assess the impact of the COVID-19 pandemic on the expected losses from impairment of financial assets, determined based on the principles of IFRS 9.	2.68	2.33	2.33	3	0.249
4. The instructions and guidelines issued by the competent authorities are sufficient to assess the effect of climate risks on the expected losses from the impairment of financial assets, determined based on the principles of IFRS 9.	2	1.89	1.93	2.13	0.94

Note: FC – Financial – Accounting Department, AI – Internal Audit, A – Other, AE – External audit*

Source: author's own analyses

Breaking down the data by categories of experience in the field of activity, presented in Table 6, it was observed that stakeholders with an experience in the field between 3 and 5 years, respectively, 5 and 10 years, expressed the highest level of agreement with the first statement, with a similar average score of 3.69 and 3.68. Regarding the second statement, the highest average score came from stakeholders with 3 to 5 years of experience in the field of activity, with an average score of 3.31, followed by those with an experience between 10 and 15 years (3.28) and an experience of less than 3 years (3.2). Regarding the third statement, only two categories of professionals registered an average score above 3, respectively: professionals who have accumulated an experience in the field between 10 and 15 years (3.22) and those at the beginning of their professional career, up to 3 years (3.2). For the last statement, all stakeholders' categories expressed a below-average level of agreement (average score less than 3), except for stakeholders with up to 3 years of experience in the field, who registered an average score of 3 ,1.

The results of the Kruskal-Wallis test indicated significant differences between stakeholders' perceptions according to their experience in the field of activity for all statements except statement no. 2, for which the p-value was above the 0.05 threshold.

When the results obtained for statements 1, 3 and 4 were further explored using the Mann-Whitney test, the results, shown in Table 7, revealed a significant difference between professionals with more than 15 years of experience and those between 5 and 10 years, respectively 10 -15 years, regarding statement no. 1. The perception differences were predictable given the fact that professionals with more than 15 years of experience have a much more solid basis of comparison as they have applied the principles of the old standard for financial instruments, IAS 39, for a considerable period of time compared to the other two groups who applied the principles of IFRS 9 from the beginning of their professional career or for most of their professional career. Professionals with more than 15 years of experience in the field of activity expressed an average level of agreement regarding the fact that IFRS 9 simplified the method of recording financial instruments in accounting, namely the fact that early recognition of ECL reduced the volatility of the financial results recorded by credit institutions. These results agree with those in the dedicated literature. Related to the United States Generally Accepted Accounting Principles regulatory framework, Cianci and Tsakoumis (2022) state that the relative understanding of a principle-based standard by accountants with less experience (and professional judgement not sufficiently developed) generates a reporting of information much more "aggressively" than the most experienced.

Regarding the degree of adequacy of the guidelines and instructions issued by the regulatory authorities in the application of the IFRS 9 principles in the context of the COVID-19 pandemic, significant differences of opinion were identified between stakeholders with an experience in the field between 3 and 5 years, respectively, 5 and 10 years, compared to those with an age of up to 3 years or between 10 and 15 years. At the same time, significant differences were also recorded in relation to the degree of adequacy of the guidelines and instructions issued by the regulatory authorities in the application of IFRS 9 principles to determine the effect of climate risks on ECL between stakeholders who have an experience in the field of activity up to 3 years and those in all other categories.

Table 6. Descriptive statistics on group mean responses and Kruskal-Wallis test results: experience in the field

Statement	Level of agreement (%) based on experience* (mean)					*p* value of Kruskal-Wallis test
	< 3 yrs	3-5 yrs	5-10 yrs	10-15 yrs	> 15 yrs	
1.The principles of IFRS 9 have achieved their main objectives, namely simplification of the way of accounting for financial instruments and early recognition of expected losses for impairment.	3.5	3.69	3.68	3.22	2.66	0.035
2. The effect of the COVID-19 pandemic on the evolution of expected losses from the impairment of financial assets, determined according to the principles of IFRS 9, was significant.	3.2	3.31	3	3.28	2.54	0.121
3. The instructions and guidelines issued by the competent authorities are sufficient to assess the impact of the COVID-19 pandemic on the expected losses from impairment of financial assets, determined based on the principles of IFRS 9.	3.2	2.23	2.43	3.22	2.57	0.013
4. The instructions and guidelines issued by the competent authorities are sufficient to assess the effect of climate risks on the expected losses from the impairment of financial assets, determined based on the principles of IFRS 9.	3.1	1.62	2.08	1.94	1.86	0.014

Source: author's own analyses

Table 7. Descriptive statistics on group mean responses and Mann-Whitney test results – experience in the field

Statement	Mann-Whitney test results					*p* value of Kruskal-Wallis test
	< 3 yrs	3-5 yrs	5-10 yrs	10-15 yrs	> 15 yrs	
1.The principles of IFRS 9 have achieved their main objectives, namely simplification of the way of accounting for financial instruments and early recognition of expected losses for impairment.	N/A	> 15 yrs	> 15 yrs	N/A	3-5 yrs/ 5-10 yrs	N/A

2. The effect of the COVID-19 pandemic on the evolution of expected losses from the impairment of financial assets, determined according to the principles of IFRS 9, was significant.	There were no significant differences between groups					
3. The instructions and guidelines issued by the competent authorities are sufficient to assess the impact of the COVID-19 pandemic on the expected losses from impairment of financial assets, determined based on the principles of IFRS 9.	3-5 yrs/ 5-10 yrs	< 3 yrs / 10-15 yrs	< 3 yrs / 3-5 yrs / 10-15 yrs	3-5 yrs / 5-10 yrs	N/A	3-5 yrs/ 5-10 yrs
4. The instructions and guidelines issued by the competent authorities are sufficient to assess the effect of climate risks on the expected losses from the impairment of financial assets, determined based on the principles of IFRS 9.	3-5 yrs /5-10 yrs 10-15 yrs / > 15 yrs	< 3 yrs	< 3 yrs	< 3 yrs	< 3 yrs	3-5 yrs / 5-10 yrs 10-15 yrs/ > 15 yrs

Source: author's own analyses

Regarding the perceptions of stakeholders depending on the credit institution's membership in an international banking group, the results of the Kruskal-Wallis test, presented in Table 8, did not indicate significant differences. These results were also confirmed by the Mann-Whitney test. Thus, the hypothesis according to which stakeholders' perceptions are influenced by membership of an international banking group considered as an indicator to measure the robustness of the implementation of IFRS 9 principles and staff training was not validated.

Following the research carried out, two of the defined hypotheses were validated:

Hypothesis no. 1**:** IFRS 9 has achieved its main objectives of simplifying the way of accounting for financial instruments and early recognition of ECL; and
Hypothesis no. 3**:** The instructions and guidelines issued by competent authorities are not sufficient for determining the effect of climate risks on ECL for financial instruments.
Hypothesis no. 2, regarding the effect of the COVID-19 pandemic on the results of credit institutions, could not be validated, the average score of the responses of the interested parties being 2.95 and the median of 3. This clears that stakeholders consider that the impact of the pandemic of COVID-19 on the activity and financial

results was not a significant one, but of an average level. This result is in contradiction with relatively similar research (Orban & Tamimi, 2023) which suggests that the banking sector was strongly affected by the Covid-19 pandemic. Similar results were obtained in the case of the hypothesis regarding the sufficiency of the instructions and guidelines issued by the competent authorities for determining the impact of the COVID-19 pandemic on ECL. The mean score of the stakeholder responses was 2.66 and the median was 3.

Table 8. Descriptive statistics on group mean responses and Kruskal-Wallis and Mann-Whitney test results – membership in a multinational group

Statement	Level of agreement (%) based on multinational group membership (mean)		*p* value of Kruskal-Wallis test	Mann-Whitney test results
	Yes	No		
1.The principles of IFRS 9 have achieved their main objectives, namely simplification of the way of accounting for financial instruments and early recognition of expected losses for impairment.	3.26	2.71	0.109	No significant differences between groups.
2. The effect of the COVID-19 pandemic on the evolution of expected losses from the impairment of financial assets, determined according to the principles of IFRS 9, was significant.	2.94	2.52	0.143	No significant differences between groups.
3. The instructions and guidelines issued by the competent authorities are sufficient to assess the impact of the COVID-19 pandemic on the expected losses from impairment of financial assets, determined based on the principles of IFRS 9.	2.42	2.81	0.216	No significant differences between groups.
4. The instructions and guidelines issued by the competent authorities are sufficient to assess the effect of climate risks on the expected losses from the impairment of financial assets, determined based on the principles of IFRS 9.	1.81	2.33	0.06	No significant differences between groups.

Source: author's own analyses

Stakeholders' perceptions regarding IFRS 16 implementation

The results of the descriptive statistics, presented in Table 9, indicated that 49.1% of the respondents were, either to a very small extent or to a small extent, of the opinion that the principles of IFRS 16 achieved their main objectives established, that is to reflect the economic reality of rental transactions and increase the comparability of financial results between credit institutions. The overall mean of the scores given was 1.77, while the median was 2, indicating a low level of agreement among respondents. Breaking down the data by categories of stakeholders it was observed that internal auditors expressed the highest level of agreement with the first statement, with an average score of 2.17, followed by financial accounting employees (1.76), external auditors (1.67) and other stakeholders (1.6).

The results of the Kruskal-Wallis test did not indicate significant differences between the responses of stakeholders according to the field of activity. These results were also confirmed by the Mann-Whitney test. Therefore, the hypothesis that stakeholders' perceptions of the extent to which IFRS 16 has achieved its objectives is influenced by the scope of activity was not validated.

Table 9. Descriptive statistics regarding stakeholders' perceptions on IFRS 16 Leases

Statement	Agreement level* (%)						Total average score	Standard devia-tion	Median (25-75)
	5	4	3	2	1	Don't know			
IFRS 16 principles have achieved their main objectives, namely reflect the economic reality of lease transactions and increasing the comparability of financial performance between banking institutions.	1.91	8.7	21.2	21.2	27.9	19.2	1.77	1.32	2 (1-3)

Source: author's own analyses

Stakeholders' perceptions on financial statements information disclosure

The results of the descriptive statistics, presented in Table 10, indicated that 49.1% of the respondents did not agree that the information presented in the annual financial statements of credit institutions is sufficient for the stakeholders. The overall mean of the responses to the first statement was 1.77, while the median was 2, indicating a low level of agreement among the respondents.

Regarding the non-financial information presented in the annual reports, 72.1% of the respondents have largely agreed that this information is sufficient for the users, while 22.1% delivered an average score. 0.9% of the respondents declared that they did not know how to answer. The overall mean of the responses for the second statement was 3.93, while the median was 4, indicating a high level of agreement among the respondents. Regarding the transparency of information on the effect of the COVID-19 pandemic on credit institutions, the perceptions of the interested parties are divided as follows: 37.5% of the respondents have strongly agreed that information is transparent and 29.8% expressed a medium level of agreement. 2.9% of the respondents declared that they did not know how to respond. The general mean of responses for this statement was 2.95, while the median was 3, indicating a medium level of agreement between respondents.

A similar situation was encountered in the case of the transparency of information on the impact of climate risks on the activity of credit institutions. 30.8% of the respondents were, to a very large extent or to a large extent, of the opinion that information is transparent and 46.2% expressed a medium level of agreement. 2.8% of the respondents declared that they did not know how to respond. The overall mean of responses for this statement was 3.04, while the median was 3, indicating a medium level of agreement between respondents.

The Cronbach's alpha test result produced a coefficient of 0.77 for these questions.

Table 10. Descriptive statistics for stakeholders' perception on financial statements information disclosure

Statement	Agreement level* (%)						Total average score	Standard deviation	Median (25-75)
	5	4	3	2	1	Don't know			
1.The information presented in the annual financial statements of the banking institution is sufficient for the interested parties.	1.9	8.7	21.2	21.2	27.9	19.2	1.77	1.32	2 (1-3)
2. The non-financial information presented in the annual reports of the banking institution is sufficient considering the new regulations on sustainable corporate reporting.	28.8	43.3	22.1	4.8	0.1	0.9	3.93	0.92	4 (3-5)
3. The information presented by the banking institutions in Romania regarding the impact of the COVID-19 pandemic on the activity is transparent.	9.6	27.9	29.8	16.4	13.5	2.9	2.95	1.28	3 (2-4)
4. The information presented by Romanian banking institutions regarding the impact of climate risks on the activity is transparent.	7.7	23.1	46.2	15.4	4.8	2.8	3.04	1.07	3 (3-4)

*Note * 5 (very strong agreement), 4(strong agreement), 3 (agreement), 2 (little agreement), 1 (very little agreement)*

Source: author's own analyses

Breaking down the data by categories of stakeholders presented in Table 11, it was observed that professionals from financial - accounting departments expressed the highest level of agreement with the first statement, with an average score of 4.12, followed by other interested parties (4.07) and external auditors (3.73). Regarding the second statement, the highest mean score came from other stakeholders (3.53), followed by financial accounting employees (2.93) and internal auditors (2.83). Regarding the third statement, internal stakeholders delivered an average score of more than 3, while external auditors recorded an average score of 2.87. A similar situation was found for the last statement, with internal stakeholders delivering an average score of more than 2, while external auditors recorded an average score of 1.67. The results of the Kruskal-Wallis test did not indicate significant differences between the responses of stakeholders according to their field of activity. These results were also confirmed by the Mann-Whitney test. Therefore, the hypothesis that the perceptions of the stakeholders regarding the sufficiency of the information presented in the financial statements are influenced by the field in which they operate was not validated.

Table 11. Descriptive statistics on group mean responses and Kruskal-Wallis test results – field of activity

Statement	Level of agreement (%) based on field of activity* (mean)				*p* value of Kruskal-Wallis test
	FC	AI	A	AE	
1.The information presented in the annual financial statements of the banking institution is sufficient for the interested parties.	4.12	3.72	4.07	3.73	0.384
2. The non-financial information presented in the annual reports of the banking institution is sufficient considering the new regulations on sustainable corporate reporting.	2.93	2.83	3.53	2.77	0.366
3. The information presented by the banking institutions in Romania regarding the impact of the COVID-19 pandemic on the activity is transparent.	3.2	3	3.07	2.87	0.577
4. The information presented by Romanian banking institutions regarding the impact of climate risks on the activity is transparent.	2.07	2.39	2	1.67	0.307

Note FC – Financial – Accounting Department, AI – Internal Audit, A – Other, AE – External audit*

Source: author's own analyses

Breaking down the data by categories of experience in the field of activity, presented in Table 12, it was observed that stakeholders with an experience in the field of activity between 10 and 15 years, respectively 3 and 5 years, expressed the highest level of agreement with the first statement, with a relatively similar average score of 4.17 and 4.08. The results of the Kruskal-Wallis test indicated significant differences between stakeholders' perceptions according to their experience in the field of activity for statements 2 (p-coefficient of 0.042) and 4 (p-coefficient of 0.032).

Table 12. Descriptive statistics on group mean responses and Kruskal-Wallis test results – experience in the field

Statement	Level of agreement (%) based on experience* (mean)					*p* value of Kruskal-Wallis test
	<3 yrs	3-5 yrs	5-10 yrs	10-15 yrs	>15 yrs	
1.The information presented in the annual financial statements of the banking institution is sufficient for the interested parties.	3.7	4.08	3.82	4.17	3.91	0.611
2. The non-financial information presented in the annual reports of the banking institution is sufficient considering the new regulations on sustainable corporate reporting.	3.3	2.31	2.61	3.17	3.26	0.042
3. The information presented by the banking institutions in Romania regarding the impact of the COVID-19 pandemic on the activity is transparent.	3.3	2.54	3.14	3.28	2.97	0.149
4. The information presented by Romanian banking institutions regarding the impact of climate risks on the activity is transparent.	2.5	1.15	1.93	2.39	2.03	0.032

Source: author's own analyses

The Mann-Whitney test revealed significant differences between the perceptions of stakeholders with more than 15 years of experience and three other categories of stakeholders, namely those with less than 3 years of experience in the field, between 3 and 5 years and between 5 and 10 years. Regarding the transparency of information regarding the impact of climate risks on the activity of credit institutions, the Mann-Whitney test revealed significant differences between the perceptions of stakeholders with an experience in the field of activity between 3 and 5 years and all other categories of stakeholders.

In conclusion, following the research carried out, only one research hypothesis was validated, namely ***Hypothesis no. 6***, according to which the financial information presented in the financial statements of credit institutions is not sufficient for the interested parties.

Regarding the other research hypotheses, the following results were recorded:
Hypothesis no. 7**,** according to which the nonfinancial information presented in the annual reports of credit institutions is not sufficient for stakeholders, was not validated. The stakeholders expressed a different view on this aspect, the average score of their answers being 3.93 and the median 4.
Hypothesis no. 8, according to which the information presented in the financial statements on the effect of climate risks and those generated by the COVID-19 pandemic on the activity of credit institutions is not transparent, has not been validated. Regarding information presentations related to the COVID-19 pandemic, the recorded average score of the responses was 2.95 and the median 3. Similar results were also recorded with respect to information presentations related to the risk of climate change, the recorded average was 3.04 and the median was 3. Thus, the results reveal that stakeholders consider that the transparency regarding the information regarding the emerging risks in the banking sector is of an average level.

Stakeholders' perceptions on the adequacy of accounting regulations in the current context

The final part of the questionnaire addresses the perceptions of stakeholders regarding the degree of adequacy of accounting regulations in the context of the emergence of new risks affecting the activity of the banking sector, namely the risks arising because of climate changes and those generated by unexpected situations such as the COVID-19 pandemic.

First, the perceptions of stakeholders were investigated regarding the categories of information that should be included in the financial statements of credit institutions in relation to the mentioned risks. On a general level, the most common response among respondents was related to the presentation of quantitative information on the effect of the risks in question on the performance of credit institutions (85.4% of the respondents). Information on activities that are affected by the risks discussed (80.2% of respondents) and information regarding the strategy undertaken by credit institutions to mitigate risks (78.1%) were also mentioned in a significant proportion. A proportion of 61.5% of the sample specified as an answer the information regarding the business continuity plan in the context of the new risks and 45.8% specified the information regarding the way of applying the government facilities granted to debtors in the event of the risks materializing. Only one respondent stated that financial statements should not include information related to the risks generated by climate change and the COVID-19 pandemic. The results were also investigated from the perspective of the categories of stakeholders. For the analysis, they were classified as follows: interested parties internal to the credit institution and interested parties external to the credit institution (external auditors). The frequency of responses for certain categories of information was significantly higher in the case of external auditors, compared to internal stakeholders, as follows: risk mitigation strategy (22.6% more), method of applying government facilities granted to debtors (by 32% more) and the description of activities affected by risks (by 4.6% more).

Therefore, it was concluded that the external auditors consider that more qualitative information regarding the effect of emerging risks on the activity of credit institutions is necessary.

Second, stakeholders' perceptions were investigated about regulations and instructions or guidelines that need to be amended to facilitate the estimation of the effects of climate risks and those generated by unexpected situations, such as the COVID-19 pandemic. At a general level, the most common responses among the respondents were related to the modification of national regulations issued by the BNR (82.2% of the respondents) and the guidelines and instructions issued by the European Banking Authority [EBA] (68.9%). A proportion of 46.7% of the respondents mentioned IFRS and 41.1% the instructions and guidelines issued by the IASB. An important proportion of the respondents, 13.5%, declared that they did not know how to answer. One respondent stated that the IASB and the EBA have already issued a series of regulations on how to estimate the effect of the discussed risks on the financial statements, but it is very difficult to assess whether they are complete, while another respondent mentioned that no changes to the accounting regulatory framework are needed.

The results were also investigated from the perspective of stakeholder categories. The frequency of responses for certain categories of regulations was higher in the case of internal stakeholders compared to external auditors, as follows: national regulations issued by the BNR (by 5.3% more), IASB instructions and guidelines (by 2.6% more) and the instructions and guidelines issued by the EBA (1.5% more). In contrast, a significantly different approach was observed for external auditors regarding the IFRS amendment. 67.9% of them believe that the IFRS principles should be changed, 30.8% more compared to internal stakeholders.

Based on the results obtained, the stakeholders' perception was that the national regulations issued by the BNR and the instructions and guidelines of the EBA should be amended to bring clarifications or additions regarding the application of IFRS principles in estimating the effects of emerging risks affecting the banking sector.

The external auditors also argued that the amendment of IFRS is necessary to the same extent as the amendment of the instructions and guidelines issued by the EBA. We specify the fact that the national accounting regulations applicable to credit institutions provide for the preparation of financial statements in accordance with IAS/IFRS. Thus, any change in financial reporting standards leads to a change in the national accounting regulatory framework.

Third, the perceptions of internal stakeholders of credit institutions about the persons or institutions they turn to when they encounter dilemmas regarding the implementation of new IAS/IFRS or complex accounting issues were investigated. After analysing the collected data, the tendency of professionals from the banking sector to turn to Romanian Bank Association [ARB] working groups, colleagues from other credit institutions and external consultants was identified when they encounter problems in implementing IAS/IFRS or solving complex accounting cases, each category being mentioned by 58.6% of the respondents. At the same time, 50% of the respondents mentioned the financial director of the credit institution as the answer.

It is interesting to note that only 28.6% of the respondents stated that they turn to the BNR when they encounter difficulties in applying the accounting regulations, although 83.9% of the internal stakeholders specified in the previous question that the accounting regulations issued by the BNR require changes to facilitate the estimation of the effects of the new risks faced by the banking sector. This aspect may indicate that there is a communication barrier between professionals within the credit institutions and the local regulator.

Through the last question in the questionnaire, the participants were invited to bring other clarifications, comments, or observations in relation to the aspects investigated in the research. Only one respondent responded to this invitation. He stated, as a personal but also a general perception within the accounting department in which he works, that there is a trend to increase the number and complexity of financial, regulatory and accounting reporting. At the same time, the respondent mentioned that "IFRS are perceived as cumbersome...".

6. Conclusions

The objective of the research carried out was to identify the perception of the interested parties on the degree of adequacy of the accounting regulations applicable to the banking sector in the current economic context. Data collected from questionnaire-based study participants were analysed using descriptive statistics. Subsequently, to identify the factors that influenced the perceptions of the stakeholders and the differences in the respondent groups, two nonparametric statistical tests were applied, namely the Kruskal-Wallis test and the Mann-Whitney test.

Regarding IFRS 9, respondents expressed a high level of agreement on the extent to which this standard has achieved its main objectives, that is to simplify the way financial instruments are recorded in the accounts and to recognize early impairment adjustments financial instruments. Significant differences were identified between the perceptions of other professionals from credit institutions' departments and the other three groups of stakeholders who participated in the survey: internal auditors, external auditors and professionals from the financial - accounting departments. The variations identified between the expressed agreements can be explained by the fact that these professionals do not repeatedly apply the principles of IFRS 9, respectively, they do not apply these principles in their entirety, their perceptions being limited to those principles applied within the activity carried out. At the same time, differences of opinion were identified according to experience in the field of activity, professionals with more than 15 years of experience expressing a lower level of agreement compared to the others. Regarding the instructions and guidelines issued by the competent authorities on the application of IFRS 9 principles in the context of emerging risks, the interested parties believed they are somewhat sufficient to determine the impact of the COVID-19 pandemic on the adjustments for the impairment of financial instruments. On the other hand, respondents stated that instructions and guidelines are not sufficient to estimate the effects of climate change risk.

Stakeholders expressed a low level of agreement on the sufficiency of financial statement disclosures in decision making. Regarding the adequacy of current accounting regulations, their perception was that national regulations and the EBA's instructions and guidelines should be amended to bring clarifications or additions regarding the application of IFRS principles in estimating the effects of emerging risks affecting the banking sector. The conclusions are converging with similar ones from the dedicated literature which highlights, especially for IFRS 9, the need for additional guidelines (Kvaal *et al.*, 2023) and tools for evaluating the scenarios in IFRS 9 to face extraordinary challenges of the type of the Covid-19 pandemic (Stander, 2023).

Research contributes to the literature on IFRS implementation in the banking sector in several ways. First, it addresses a gap in the specialized literature by investigating the perception of stakeholders regarding the implementation of the IFRS reform in recent years in the Romanian banking sector, respectively, the degree of adequacy of the accounting regulations in force in the context of emerging risks, such as the risk of climate changes and those caused by unexpected situations, such as the COVID-19 pandemic. Second, the study provides the local regulator with evidence regarding the accounting rules that, from the perspective of the interested parties, require changes to facilitate the process of estimating the effects of emerging risks on the financial performance of credit institutions, respectively, the identification of information presentations considered relevant by to users to be included in the financial statements regarding these risks. Last but not least, the research contributes to knowledge by providing information on the implementation of the IFRS reform in recent years at the level of the banking sector within an emerging country in eastern Europe, a region which, according to the Institute of Chartered Accountants in England and Wales report (2015), is insufficiently represented at the level of international literature in terms of studies addressing IFRS implementation.

Although the purpose and objectives of the study were achieved, it is not without limitations. In our view, the most important limitation is the small sample size (104 completed questionnaires), which means that the views and perceptions of the participants may not reflect the full range of views on the implementation of the financial reporting reform by the relevant population.

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