Joint NBR / ICAEW conference
"IFRS: international experience and implementation by the Romanian banking sector in 2012"

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Ladies and Gentlemen,

Distinguished audience,

It is an honour to have the opportunity to open the proceedings of the Conference titled "**International Financial Reporting Standards: International Experience and Implementation by the Banking Sector in Romania in 2012**". This is a topical and, at the same time, a hotly-debated issue that we are going to discuss together with the Institute of Chartered Accountants in England and Wales (ICAEW).

Economic and financial developments tending towards internationalisation of banking operations in the context of globalisation of financial markets have highlighted the importance of financial information provided by companies, especially in terms of assessing and presenting the results and risks attached to their activity. Moreover, in the aftermath of the past years' financial crisis, stronger pressures for harmonising accounting rules worldwide as a basis for the published financial information have emerged.

Under the circumstances, the National Bank of Romania, in its capacity as *the* regulatory and supervisory authority of the Romanian banking system has steadily sought to harmonise its rules and practices with the best practices in the field so as to increase transparency and ensure comparability of information across the entire banking sector. The actual implementation

of the International Financial Reporting Standards is part of the central bank's area of concerns, since relevant and adequate assessments of credit institutions' assets, debts and shareholders' equity are essential prerequisites for the calculation of real prudential indicators. In order to fulfil this objective, the NBR has steadily cooperated with the commercial banks and the Romanian Banking Association and has enjoyed the support of leading consulting and audit firms in Romania.

The Institute of Chartered Accountants in England and Wales, an institution famous for its rich experience regarding International Financial Reporting Standards, has recently provided the NBR support to carry on/complete the implementation of financial reporting standards. Today, its experts will present useful information and recommendations to accurately comprehend and implement the International Financial Reporting Standards.

Within the process of accounting reform intended for credit institutions in Romania, following the transposition of the EU *acquis* – given that European standards did not establish any rules –, the NBR has contributed to the enlargement of the European regulatory framework by adopting solutions consistent with the principles of International Financial Reporting Standards. Thus, the implementation of these standards at individual level by credit institutions in Romania has taken a graduated approach.

At consolidated level, i.e. banking groups, the International Financial Reporting Standards have been transposed via a seamless approach; the NBR exerted its national options embedded in the *acquis*, but included all credit institutions, not only the listed ones, in the scope of applicability.

In 2010, the National Bank of Romania adopted the Strategy for IFRS Implementation by credit institutions starting with the 2012 financial year. For its implementation, the updating of the accounting regulatory framework was completed and steps were taken to ensure transition towards the new standards. Thus, credit institutions will prepare and present action plans whose implementation will be monitored by the central bank throughout the

remainder of this year. Also in the first half of 2011, the financial reporting framework suiting the needs of the supervisory authority was updated.

The National Bank of Romania, in its capacity as an authority responsible for prudential supervision of the banking system, has recently prepared and sent for public consultation the bills needed to elicit accounting figures reported by banks so that they match the banks' prudential objectives.

I trust this endeavour aimed at broadening the scope of applicability of such standards, serving as the basis for accounting and for preparing individual financial statements by credit institutions in Romania, should be seen as a *sine qua non* condition to secure effective supervision of the Romanian banking system.

Let me stress that the importance of implementing the International Financial Reporting Standards by credit institutions in Romania is also reflected by the new financing agreements signed with international institutions (the European Commission, the International Monetary Fund, the World Bank).

I am confident that you experts have now a good opportunity for an in-depth analysis of the evolution of the international accounting system and the problems arising in the implementation of International Financial Reporting Standards, as well as for a useful projection of the major challenges to implementing the new accounting standards by the banking sector in Romania, given its importance in achieving a modern and efficient accounting system.

Let me reiterate on this occasion our institution's willingness to cooperate with stakeholders in the implementation of International Financial Reporting Standards by the banking sector. I trust that any problems relating to the introduction of the new accounting rules will be resolved in a timely manner so that the current transition ends successfully.

Last but not least, my appreciation goes to the representatives of the Institute of Chartered Accountants in England and Wales for their effort to ensure that world-acclaimed IFRS experts and representatives of leading consulting and audit firms in Romania, with which the NBR maintains close cooperation ties, are participating in this event.

I trust that today as many as possible issues related to the implementation of the International Financial Reporting Standards will be discussed and clarified. Finally, let me wish all of you every success.