The Disclosure Evaluation of Islamic Banking Reports: Evidences from Middle East and Other Regions in Asia

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Islamic banking is the most attractive sector in Islamic financial system. The institution encourages not only economic aspects but also social aspects in accordance with Shariah principles in operation. Thus, the managements are required to be accountable to their stakeholders at large and not limited only to the shareholders. One of the accountability's forms is the presentation and disclosure in their annual reports. It is the way to disclose financial and non-financial performance of Islamic banks. This paper aims to elaborate the sources of development of Islamic banking reporting based on the AAOIFI standards, alternative components of Islamic banking reports, and the accounting policies for Islamic banks in some countries. Secondly, this paper attempts to evaluate the existing Islamic banking reporting components in order to scrutinize its development. This paper selects and evaluates 5 Islamic banks in Middle East region and 4 Islamic banks in other regions in Asia which have significant contribution in the development of Islamic banking and finance. This study found that Islamic banks did not have similarity in the disclosure components. However, these diversities could be complementary to each other toward the ideal Islamic banking reporting.

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