

# Repoliticalization of accounting standard setting

[Finance](#)



## REPOLITICALIZATION OF ACCOUNTING STANDARD SETTING-THE IASB, THE EU AND THE GLOBAL FINANCIAL CRISIS

### Summary

The past decade saw the IASB operate independently and in full control of its mandate. However, the financial crisis that swept across the world in 2008 raised eyebrows and had financial bodies look at their policies. The article focuses on the political forces on the amendment and decision out of the financial institutions. They desired to shape financial institutions appropriateness and overall purpose of the accounting foundations (BENGTSSON, Elias, 2011). The approach is taken by the creators of the articles involved research on available documentation from relevant bodies via the internet.

Some researchers have claimed that the drive behind financial systems is accounting policy-makers and the forces in the market. The affair has been much on the adoption or rejection of fair value principle. EU rejected IAS 39's proposal of fair value principle. In addition, it put conditions on the extent to which the asset factor can be realized. It led to the amendment of the IAS 39 and IRFS 7. The EU and G20 have in more than one occasion discussed financial institutions and regulations on monetary policies. They have given guidance on securities valuation (BENGTSSON, Elias, 2011). Moreover, they proposed being a supervisory body or that the IASB should be constantly supervised in its activities.

### Opinion

Political influence on financial in my view is not a bad agenda but their negative influence. The institution is no longer at ease to perform its functions with the profession required. On the other hand, the EU declined <https://assignbuster.com/repoliticalization-of-accounting-standard-setting/>

the adoption of IFRS 9 after the financial crisis, leaving the world amazed about the political forces behind financial institutions. IAS 39 was established under political pressure and went further to affect its operation when mistrust arose between the EU and US financial institutions. The political drive wheel should be to facilitate the growth of financial institutions and not curtail their operations.

#### List of references

BENGTSSON, Elias. 2011. Repoliticalization of accounting standards setting- The IASB, the EU and the global financial crisis. Critical perspectives on accounting. 22(1), pp. 567-580.