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## **Accounting Research Workshop (ARW) – SS 2018**

- Referent:** Prof. Igor Goncharov
- University:** Professor of Accounting at Lancaster University Management School (UK)
- Research:** Economic and business implications ("real effects") of financial reporting, Fair value accounting, Use of accounting information in dividend policy and taxation, International issues in accounting
- Date:** 12.06.2018
- Topic:** „Disclosure Choice when Market-Wide Externalities Matter: Evidence from IFRS Adoption by Central Banks “
- Abstract:** „Central bank disclosures support effective monetary policy by managing market expectations, but can also create negative externalities in the form of front-running, speculative attacks, and bank runs. The existence of significant market-wide externalities requires central banks to internalize welfare implications of their disclosure choices. Using International Financial Reporting Standards (IFRS) adoption and observable deviations from IFRS as proxies for disclosure choice, we find that central banks are more likely to adopt IFRS to meet increased market demand for credible signaling of central bank policy. However, IFRS adoption is less likely in financially developed economies where the release of proprietary information may trigger unintended market-wide consequences (e.g., front-running). Moreover, because greater financial constraints compromise central bank credibility and the effectiveness of central bank policy, the likelihood of IFRS adoption and the reliance on fair value measurements decreases when central banks are financial constrained (proxied by low capital and high dividend requirements). Finally, we document that central banks in financially developed countries (facing high dividend requirements) choose to deviate primarily from IFRS rules related to enhanced disclosures (fair value reporting). These findings suggest that central banks optimize disclosure to fit their institutional environment.”

***We were very pleased that we could welcome Prof. Igor Goncharov at our Accounting Research Workshop and wish him all the best for his future work and research projects!***