Convergence or divergence: A comparison of IFRS standards and AAOIFI standards for financial reporting in Algerian context

Omar Djessas
Research Laboratory on the economics of organisations and sustainable development
FSECSG, University of Jijel, 18000 Jijel
(Algeria)
omar.djessas@univ-jijel.dz

Badis Bougherra
Research Laboratory on the economics of organisations and sustainable development
FSECSG, University of Jijel, 18000 Jijel
(Algeria)
b.bougherra@univ-jijel.dz

Reçu le : 13/09/2023 **Accepté le :** 29/12/2023 **Publié le :** 31/12/2023

Abstract:

The objective of this study is to examine the accounting issues resulting from the adoption of Islamic finance in Algerian banks. Interviews were conducted with six finance department officers from three public and private Algerian banks. The analysis emphasizes the significance of Islamic accounting principles in Algerian banks but acknowledges the difficulties in their practical implementation. The result highlights the necessity of distinct accounting standards based on AAOIFI standards for Algerian banks but in convergence with IFRS which concerned the basic of the financial accounting system in Algeria.

Keywords: accounting standards; Islamic finance; Algerian banks; Interviews; *convergence.*
Jel Classification Codes : M41,M49,G21

ملخص:

هدفت هاته الدراسة إلى معالجة بعض الإشكالات المحاسبية التي نتجت عن تطبيق الصيرفة الإسلامية في البنوك الجزائرية. حيث تم الإعتماد على أسلوب المقابلة في الدراسة الميدانية والتي تمت مع ستة مسؤولين عن إعداد القوائم المالية في ثلاث بنوك جزائرية عامة وخاصة . وتم التركيز من خلال التحليل على مدى تطبيق البنوك الجزائرية لبعض مبادئ المحاسبة الإسلامية التي تتوافق مع الشريعة ومع ذكر صعوبات تطبيقها جملة في الواقع,حيث تم تسليط الضوء من خلال النتائج المتوصل إليها إلى ضرورة تطبيق معايير محاسبية خاصة بنشاط الصيرفة الإسلامية والإعتماد بالخصوص على معايير أيوفي للمحاسبة في ذالك ولكن بالتوافق مع معايير المحاسبة الدولية بإعتبارها قاعدة النظام المحاسبي المالي في الجزائر.

الكلمات المفتاحية : معايير المحاسبة ؛ المالية الإسلامية ؛ البنوك الجزائرية؛ المقابلة ؛ التوافق.
تصنيف JEL : M41,M49,G21

Auteur correspondant : Omar Djessas, Email: omar.djessas@univ-jijel.dz

I. Introduction:

In recent years, Islamic finance has known rapid growth and development both locally and internationally. This growth can be attributed in part to the fact that during the global financial crisis of 2008, while the conventional financial system was troubled, the Islamic finance sector remained relatively stable. As a result, there has been increased interest in Islamic finance from various countries around the world. Currently, Islamic finance is practiced in over 60 countries with 14 jurisdictions (Shabsigh et al., 2017).

One of the countries that has recently adopted Islamic finance is Algeria. The Algerian financial system has undergone some changes due to the adoption of Islamic finance officially, including the creation of Islamic windows in public banks as specified in system N° 20-02 registered on 20 Rajeb 1441H corresponding to 15 March, 2020 and defined in the article n° 17 that it is necessary to separate the accounting of the 'Islamic banking window' from other structures within the bank or financial institution .as a result, the adoption of Islamic finance by the Algerian financial system has created some accounting issues due to the differences between the applied accounting system, known as the financial accounting system or SCF in French, which is based on AIS/IFRS standards, and the nature of Islamic financial products, which are based on Sharia principles. As such, there is a need to investigate the accounting issues that have arisen from the adoption of Islamic finance in Algeria and whether distinct Islamic accounting standards for Algerian banks which offer financial Islamic products are required.

- **Problem statement :**

As mentioned earlier, the main questions of our topic could be presented as follows:

What are the accounting issues caused by the adoption of Islamic finance in Algeria and is there a need for distinct Islamic accounting standards for Islamic Financial Institutions (IFIs)?

- **Hypothesis:**

The hypothesis of this study will be as an answer to the main question:
many being caused accounting issues by the adoption of Islamic finance in Algerian banks could be solved by the issuance of distinct Islamic accounting standards for IFIs with convergence to AIS/IFRS standards.

- **The Objective:**

this study aims to explore the accounting issues caused by the adoption of Islamic finance in Algeria and to determine whether distinct accounting standards for IFIs are highly needed. Therefore, there is a need to identify the similarities and differences in accounting practices between the traditional financial system based on IAS/IFRS and the Islamic finance system based on AAOIFI standards issued by the accounting and auditing organization for Islamic financial institutions.

The remain parts of this paper are organized as follows: part2 theoretical frame work and part 3 relevant literature, while part 4 highlights methods and materials used to collect data.in the end we analyse and discuss the obtained results with conclusion and some recommendations.

II. Theoretical framework:

II.1 The main institutions of Islamic finance:

II.1.1The accounting and Auditing organization for Islamic financial institutions (AAOIFI):

AAOIFI, formerly known as Financial Accounting Organization for Islamic Banks and Financial Institutions, was established in accordance with the Agreement of Association signed by Islamic financial institutions on 1 Safar, 1410 H, corresponding to 26 February 1990, in Algeria as a non-profit organization and it was registered on 11 Ramadan 1411 H, corresponding to 27 March 1991 in the State of Bahrain (Kingdom of Bahrain, now) as an International autonomous non-for-profit corporate body.

AAOIFI is responsible for developing accounting, auditing, ethics, governance, and Sharia standards for the international Islamic banking and finance industry. In addition, it contributes significantly to the professional development for the industry. AAOIFI is supported by over 150 institutional members from around 45 countries. It has its corporate office in Kingdom of Bahrain.

Presently, the AAOIFI has issued 40 Accounting Standards which Financial Accounting standards (FAS1) was revised, 6 Auditing Standards, 13 Governance Standards and 2 codes of ethics at the last time (AAOIFI,2022).

II.1.2 Islamic Financial Services Board (IFSB):

IFSB was established in 2002 by a group of Muslims countries as an organization of financial standards that provide regulatory and supervisory standards integrated with the international finance. Thus, IFSB is charged by strengthening stability of (IFIs) through corporate governance, risk management market discipline, capital adequacy and transparency (Dusuki, 2012).

II.1.3 International Islamic financial market (IIFM):

IIFM Established in Bahrain in 2002, its role is to provide the money market and Islamic capital market with compatible standards with sharia, thus, it has another role to ensure efficiency and transparency of best practices in Islamic financial markets (IIFM, 2016).

II.2 Differences between AAOIFI and IFRS standards:

Table N°1: Differences between AAOIFI and IFRS

AAOIFI standards (FAS)	IASB standards (IFRS)
Differences between AAOIFI and IFRS standards based on field of application	
-It was edited specially for Islamic finance industry (IFI) - Sharia has to be respected by these standards.	-it was edited to cover all social and economy activities.
Differences between AAOIFI and IASB based on edited standard	
-Accounting standards -sharia -auditing -governance -Ethics	- Accounting standards

Source: AAOIFI, ***"International Standards for Islamic Finance",*** 3rd Annual Global Conference, Dubai, 5-7 May 2008, p: 2.

As shown in table 1 we have two types of differences, on one hand, there are differences based on field of application. For instance, AAOIFI was edited for (IFI) based on sharia compliance. In contrast, IFRS was edited to be adopted in social and economy activities without any exception, on the other hand, there are differences based on edited standards themselves.

Table N°2: basic hypotheses and qualitative characteristics of financial statements in IFRS and AAOIFI

IFRS(IASB)	FAS(AAOIFI)
Basic hypotheses	
-Accrual accounting -Going concern principle	- accounting entity -periodicity - Going concern principle -fixed monetary unit
Qualitative characteristics of financial statements	
-understandability - Relevance - Materiality - the pre-eminence of substance over form -faithfully -the Neutrality - fair presentation - Completeness - Conservatism - Comparability -Consistency of Methods	-The understandability and comprehensibility of financial information - Relevance - Completeness - Comparability -Consistency of Methods

Source: Elhamma, A. 2015,p10

III. Relevant Literature:

There have been discussions regarding the alignment of Islamic accounting standards with the guidelines issued by AAOIFI. However, some scholars argue that these guidelines should not be considered as true "Islamic accounting standards" but rather as principles for accounting in Islamic financial institutions (Siswantoro, Dodik, and Shahul H. M. Ibrahim, 2013). Additionally, Kamla, R. and Haque, F. (2019) state that AAOIFI plays a role in maintaining the accounting-imperialism nexus in key Islamic finance markets, within the context of globalization and imperialism. The authors discuss how AAOIFI, through collaboration with internal stakeholders such as Islamic financial institutions, regulatory bodies, and Muslim elites, aligns with the international accounting harmonization (IAH) project while preserving its Islamic character and appeal to the Muslim community. In another study, Mohammed, N.F., et al. (2015) address the need for Islamic accounting standards in reporting Islamic financial institutions (IFIs) in Malaysia. Their research, based on interviews with leading officers of IFIs, reveals the influence of AAOIFI accounting standards in reporting. While some interviewees acknowledge the feasibility of using International Financial Reporting Standards (IFRS) for reporting IFIs, many emphasize on the importance of adhering to the principles of Islam in Islamic contracts, the paper suggests the necessity of specific guidelines or standards for IFIs within the IFRS framework and highlights the need for collaboration between AAOIFI and the International Accounting Standards Board (IASB).Furthermore, Ahmed, H. et al. (2019) conducted a study to examine the congruence between the disclosure requirements of IFRS-based Malaysian accounting standards (MAS) and AAOIFI standards. Through leximetrics and content analysis, the authors found improved de jure congruence but identified remaining gaps due to fundamental differences in principles, this study offers valuable insights for researchers and practitioners in the field. Ahmed, M.U., Sabirzyanov, R., and Rosman, R. (2016) reviewed the accounting treatment and reporting of Murabaha contracts under the FAS of AAOIFI and IFRS where their findings indicate that while IFRS focuses on economic consequences, AAOIFI considers the legal structure based on Shariah principles, resulting in measurement differences. The study also discusses the methodology used and the purpose of examining the accounting treatment and reporting of Murabaha contracts, including the implications of the time value of money on measurement and the recognition of financial transactions based on substance over form.

The literature indicates the ongoing discussions surrounding the nature and scope of Islamic accounting standards, the role of AAOIFI in shaping these standards, and the challenges faced in integrating Islamic principles with international accounting frameworks. Algerian banks offering Islamic products face the challenge of harmonizing their accounting practices with internationally recognized standards, such as IFRS, while adhering to Islamic principles. To fill this research gap, a study should explore the feasibility and implications of adopting AAOIFI-based accounting standards in Algerian banks offering Islamic products, with a specific focus on convergence with IFRS. Such research will provide valuable insights into the practical implementation, compatibility, and potential challenges associated with integrating these standards within the Algerian banking context.

IV. Methods and Materials:

In order to collect data for this study, semi-structured interviews were conducted with carefully selected individuals from the target population. This particular interview format was chosen because it is regarded as the most effective method for gathering both structured information and insights into the perceptions of the participants, as Smith (1972) defines a semi-structured interview as a technique where the interviewer focuses on a limited set of questions or topics. The objective of this interview style is to promote open and honest communication from the interviewee, thereby reducing the rigidness often associated with structured interviews that have predetermined and organized questions.

This article explores the perspectives of six interviewees who are officers of the management team in the finance department of three public and private banks in Algeria. The interview was conducted in two private banks offer Islamic product and other one in a public bank because the new Islamic windows opened in public banks as we mentioned earlier are in the first stage of Islamic finance adoption so, its experience in Islamic finance so limited. The interviews period gone from March 2023 to April 2023, using a semi-structured questionnaire were the questions asked were divided into closed questions and opened questions in order to capture essential evidence regarding the research objective. The interviewees were actively involved in the preparation of financial statements. The ways used in conducting these interviews are as follows: three were conducted face-to-face, lasting between one to two hours, while three responded in writing via email. The language used is Arabic with a bit of English language mixed in. The researchers transcribed all interviews manually, and coded as P1, P2, P3, P4, P5 and P6 to represent their opinions. The interviewees were asked about the role of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in the preparation of financial statements by Algerian banks. The next section of this paper presents the findings from the interviews point of view.

Table N° 3: respondents working place

Respondent code / Bank	P1	P2	P3	P4	P5	P6
Al salam bank						
CPA bank						
AL Baraka bank						

Source: prepared by the authors

V. Results of The Interview and Discussion:

In this session we focus on interviewee's responses on both closed and opened questions in order to retrieve insight toward the topic of this paper.

V.1 responses of interviewees on closed questions

Table N° 4: interviewees' responses on closed questions

	Strongly agree	agree	Not agree
Are you currently using any principles of Islamic accounting when preparing financial statements for Islamic windows or banks?	1 P2	2 P1, p6	3 P3, p4, p5
"Do you think there is a need to adopt the principles of Islamic accounting for Islamic windows or banks in Algeria?"	1 P2, p3, p4 p5, p6	2	3 P1
"Do you have reservations regarding the differences between IFRS and AAOIFI standards?"	1 P1, p2, p5	2	3 P3
"Did you face any challenges when preparing financial statements for Islamic windows or banks in Algeria?"	1 P1, p2, p3 p4, p5	2 P6	3
Will there be a need for training or additional resources if Islamic accounting principles are adopted for Islamic windows or banks in Algeria?	1 P1, p2, p3 p4, p5, p6	2	3
Did you receive any guidance or support from regulatory authorities on how to prepare financial statements for Islamic windows or banks in Algeria?	1 P1	2 P3, p6	3 P2, p4, p5

source: prepared by the authors

V.2 responses of interviewees on opened questions:

a. actual use of Islamic accounting principles and the need of these principles' adoption.

Regarding the application of Islamic accounting principles, half of the participants acknowledged their existence in practice, while the remaining respondents expressed a notable distance from their application due to the Western influence ingrained in Algeria's financial system.as well as, in relation to the adoption of Islamic accounting principles and in terms of the need for adopting these principles, all interviewees unanimously agreed on its high significance within Algerian Banks offering Islamic financial products. However, one participant **p1** pointed out that while the underlying accounting principles remain the same, the distinction lies in the presentation of accounting information.

b. the main differences between AAOIFI and IFRS with reservation

When we come to the differences between Islamic and conventional system **P1** highlighted that the difference between Islamic accounting in Islamic banks and accounting in traditional banks lies in the form. However, specific details regarding the nature of this difference were not provided. **P2** emphasized a significant difference in the concept between Islamic accounting and conventional accounting. One specific example mentioned is the treatment of **investment accounts** as Mudarabah contracts. In AAOIFI standards, these accounts are considered part of the profit, whereas in IFRS (International Financial Reporting Standards), they are considered a charge. The same distinction applies to leasing. This suggests that the fundamental conceptual approach to accounting practices differs between Islamic and conventional finance. **P3** focused on another fundamental difference, which is the concept itself. Islamic finance is based on the notion of assets, whereas conventional finance operates on the basis of capital. This fundamental distinction in the underlying principles of Islamic and conventional finance further highlights the conceptual disparity between the two accounting systems.

Overall, the responses indicate that the differences between Islamic accounting in Islamic banks and accounting in traditional banks can be observed in various aspects, including form, concept, and the treatment of specific financial instruments. These differences reflect the unique principles and practices associated with Islamic finance and its adherence to Sharia principles.

c. challenges in the preparation of financial statement including Islamic products with anticipated ones in the adoption of AAOIFI standards

Most of the participants acknowledged encountering difficulties in preparing financial statements including Islamic products. These challenges arise due to the unique nature of Islamic products offered by these banks. The interviewees also expressed awareness of the differences between the conventional financial accounting system presented by IFRS and the Islamic financial accounting system presented by AAOIFI.

When it comes to the challenges of adopting a single set of Islamic accounting standards for banks which offering Islamic products in Algeria, the respondents highlighted several key points. Firstly, they emphasized the need to update and modify the existing financial accounting system in Algeria to align with the requirements of Islamic finance. This would involve adapting certain applications to better suit the nature of Islamic finance, additionally, there is a significant focus on the training and qualification of accounting and financial management teams within Islamic financial institutions. They require enhanced knowledge and expertise in Islamic accounting, specifically in line with AAOIFI standards.

Participants may have highlighted the need for specialized knowledge and skills in Islamic accounting, as well as the need for updated resources and tools to effectively implement these principles, so, the unanimous agreement suggests that the participants recognize the importance of investing in training and additional resources to ensure the successful adoption and implementation of Islamic accounting principles in Algerian Islamic windows or banks.

d. the sufficiency of the current regulations and guidelines on Islamic products for Algerian banks

Based on the responses of the interviews, there is a consensus among the respondents that the current regulations and guidelines for Islamic financial institutions in Algeria are not sufficient. They believe that these regulations lack comprehensive coverage of all Islamic products and there is a lack of executive text that addresses the specific needs of the Algerian market. On the other hand, **P1** mentioned that the industry is still in its early stages, indicating that further development and improvement may be needed in the future. Overall, there is a need for a review and potential update of the existing regulations and guidelines to better support the operations and growth of Islamic financial industry in Algeria. Furthermore, the respondents identified several regulatory challenges. These include addressing the concerns and requirements of the Central Bank, overcoming accounting-related challenges, and navigating tax-related hurdles.

e. the current practice of financial reporting in Algerian banks offering Islamic products with the need to adopt a distinct set of Islamic accounting standards.

The issue of comparability poses a challenge to adopting AAOIFI standards in Algeria, as having two sets of accounting standards would impact the comparability of financial statements. Additionally, the application of AAOIFI standards could complicate the consolidation of financial statements for Islamic windows in Algerian banks. Therefore, unless there is global consensus on adopting AAOIFI standards, it may result in qualification issues and lack of comparability in financial statements.

P1 believes that a single set of accounting standards is unnecessary at this early stage of Islamic finance activity. Participant in interview n° **3**, **4**, and **5** mentioned their efforts to adopt AAOIFI standards but converting them to align with IFRS. On the other hand, Participant in interview n° **2** expressed that the current accounting standards are inadequate for the nature of Islamic finance activities, emphasizing the need for a dedicated set of accounting standards for banks offering Islamic products in Algeria. This would address accounting problems such as disclosure of investment accounts and profit of clients, which are not adequately covered in conventional accounting systems.

f. the convergence or divergence between IFRS and AAOIFI standards.

The majority of interviewees believe that the role of AAOIFI accounting standards is to complement IFRS, rather than to compete with them. AAOIFI are developed by adapting western accounting standards for Islamic entities, and the compatibility with IFRS is high, with only a few differences. The interviewees agreed that convergence between the two standards would address certain accounting challenges. However, it should be noted that **p2** expressed reservations regarding certain aspects of Islamic finance that are not covered by IFRS.

g. Assurance of sharia compliance under the current applied accounting system.

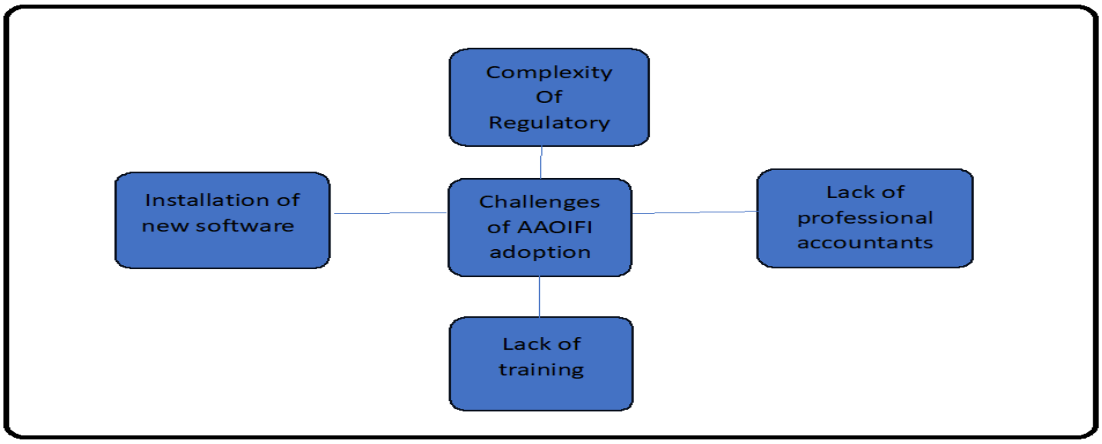
According to the interview findings, several respondents provided insights on ensuring Sharia compliance in offering Islamic products by Algerian banks. One interviewee **P1** highlighted the differentiation between savings under Islamic and conventional products through the supervision of a Sharia committee by The Supreme Islamic Council of Algeria. Another respondent **P2** emphasized the certification of Islamic products by a Sharia committee, adherence to AAOIFI Sharia standards, and the audit process. **P3** mentioned the presence of internal and external Sharia audits, with the external audit conducted by The Supreme Islamic Council of Algeria or a designated fatwa entity. Additionally, one interviewee **P6** suggested two key approaches: the application of Sharia-compliant references in banking transactions and the investment in qualification and training of personnel in Islamic banks and Islamic windows. These insights collectively emphasize the importance of regulatory support, Sharia committee involvement, adherence to standards, and ongoing audits to ensure Sharia compliance in Algerian banks which offer Islamic products, as a result, The interview findings reveal that there is a consensus among respondents regarding the need for executive measures to support Sharia compliance in Algerian banks which offer Islamic products.

h. the implementation of specific accounting system for Islamic products and its impact on banking industry in Algeria.

Overall, the responses suggest that implementing Islamic accounting standards in Algerian banks can have several positive impacts. These include changes in management practices, improvements in the quality and transparency of Islamic products, enhanced trust among clients, and overall benefits to the banking industry. Compliance with Sharia principles is viewed as an important objective for banks offering Islamic products.

V.3 Challenges of AAOIFI adoption in Algerian context through the interview:

Figure N° 1: challenges of AAOIFI adoption



Source: prepared by the authors

As the interviewees mentioned earlier there are many challenges faced the adoption of AAOIFI standards or in other words Islamic accounting principles in Algerian context as figure 1 shown:

- **Complexity of Regulatory:** the existing regulatory framework in Algeria concerned Islamic finance adoption need to be adjusted with AAOIFI principles which demand a comprehensive understanding of Islamic finance principles.
- **Lack of professional accountants:** To ensure the compliance with Islamic accounting standards or in this case the AAOIFI standards you need work force with expertise in Islamic finance and accounting.
- **Lack of training:** It could be a significant obstacle in the face of a successful adoption of AAOIFI standards and it is crucial to accountants, auditors, financial institutions, and regulatory authorities to understand and apply these standards correctly.
- **Installation of new software:** This can be a significant challenge to adopt AAOIFI standards and ensure compliance with it because it involves financial and technological investment, ensuring that the software support AAOIFI standards accurately, training of staff.

VI. Conclusion:

The analysis reveals that while there is recognition of the significance of Islamic accounting principles in Algerian banks, there are challenges in their practical application. The influence of Western accounting practices, the need for a distinct accounting system for Islamic products, and the gaps in current regulations and guidelines pose hurdles. However, there is a consensus among interviewees on the importance of ensuring Sharia compliance and improving financial reporting practices.

In summary, implementing Islamic accounting standards is expected to bring changes in management, improve product quality and transparency, build trust, and have a positive impact on the banking industry while aligning with Sharia principles.

VII. Recommendations:

Enhancing Awareness and Training: Algerian banks should invest in training programs to enhance the knowledge and skills of accounting and financial management teams in Islamic finance.

Review and Update Regulations: There is a need for a comprehensive review of existing regulations and guidelines to address the specific requirements of Islamic finance in Algeria.

Harmonization of Standards: Efforts should be made to achieve convergence between AAOIFI and IFRS standards. This would help improve comparability of financial statements, facilitate consolidation with global branches, and minimize qualification issues.

Strengthening Sharia Compliance: Regulatory authorities should continue to emphasize the importance of Sharia compliance in banks which offering Islamic financial products, through the involvement of Sharia committees, adherence to AAOIFI Sharia standards, and regular internal and external Sharia audits.

Industry Collaboration: Islamic banks or Islamic windows, regulatory bodies, chartered accountants and industry associations should collaborate to address the challenges faced in the preparation of financial statements and the adoption of Islamic accounting principles.

Referrals and references:

1. Ahmed, H. *et al.* (2019) 'Diverse accounting standards on disclosures of Islamic Financial Transactions', *Accounting, Auditing & Accountability Journal*, 32(3), pp. 866–896. doi:10.1108/aaaj-10-2015-2266.
2. Ahmed, M.U., Sabirzyanov, R. and Rosman, R. (2016) 'A critique on accounting for Murabaha Contract', *Journal of Islamic Accounting and Business Research*, 7(3), pp. 190–201. doi:10.1108/jiabr-04-2016-0041.
3. AAOIFI (2022). Accounting, auditing and governance standards for Islamic Financial Institutions. Manama, Bahrain: Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Retrieved from: www.aaoifi.com (consulted on 25/12/2022).
4. Dusuki, A. W. (2012). Islamic financial system: Principles & operations (1st ed.). Kuala Lumpur, Malaysia: International Shari'ah Research Academy for Islamic Finance (ISRA)
5. ELHAMMA A. 2015, La comptabilité des produits financiers islamiques : Normes AAOIFI vs. IFRS, *Revue de Management et de Stratégie*, (1:2), pp.10-22, www.revue-rms.fr, VA Press
6. IIFM. (2016). A comprehensive study of the global Sukuk market. Manama,Bahrain.
7. Jacmon, J. (1974) 'Book reviews: Interviewing in market and social research, J. M. Smith, London. routledge and Kegan Paul, 1972 pp. 169, $a8.15', *The Australian and New Zealand Journal of Sociology*, 10(3), pp. 238–238. doi:10.1177/144078337401000334.
8. Kamla, R. and Haque, F. (2019) 'Islamic accounting, neo-imperialism and identity staging: The Accounting and Auditing Organization for Islamic Financial Institutions', *Critical Perspectives on Accounting*, 63, p. 102000. doi: 10.1016/j.cpa.2017.06.001.
9. Mohammed, N.F., Fahmi, F.M. and Ahmad, A.E. (2015) 'The influence of AAOIFI Accounting Standards in reporting Islamic financial institutions in Malaysia', *Procedia Economics and Finance*, 31, pp. 418–424. doi:10.1016/s2212-5671(15)01216-2.
10. Shabsigh, G., Haron, A., Norat, M. A., Song, I. W., Khatat, M. E. H.,
11. Murphy, D., et al. (2017). Ensuring financial stability in countries with
12. Islamic banking. New York: United State of America.
13. Siswantoro, D. and Ibrahim, S.H. (2013) 'Should Islamic Accounting Standard Follow to international financial reporting standards (IFRS)? A lesson from Malaysia', *Media Riset Akuntansi, Auditing & Informasi*, 13(1), pp. 35–58. doi:10.25105/mraai. v13i1.1736.

- Appendices:

Table (1): status of AAOIFI adoption in different jurisdictions (Hassen, M.K et al.,2019)

S/N	Country/jurisdiction	Mandatory	Voluntary	Adopted	Sharia guideline	Remarks
1	Afghanistan					AS***
2	Bahrain					SS***
3	Brunei					AS
4	Central Asia					AS
5	Dubai international financial center					AS**
6	Egypt					AS
7	France					AS
8	Indonesia					SS
	Iraq					AS**
9	Islamic development bank					SS**
10	Jordan					AS***
	Kazakhstan					SS
	Kyrgyz republic					SS***
11	Kuwait					AS
12	Lebanon					AS
13	Malaysia					SS
14	North America					AS
15	Oman					SS***
	Palestine					AS**
16	Pakistan					SS***
17	Qatar					AS***
18	Qatar financial center					AS***
19	Saudi Arabia					AS
20	South Africa					AS
21	Sudan					SS***
22	Syria					SS***
23	UAE					AS
24	UK					AS
	Yemen					SS***

AS-Accounting standards; SS Sharia standards; **Combined AS & SS; ***combined AS,SS,& Auditing