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IAS 39 and IFRS 9: Effects of Changing Accounting Standards for Financial Instruments on the Financial Asset Management of Commercial Banks in the Sekondi-Takoradi Metropolis of Ghana

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Abstract

The purpose of the study was to investigate the effects of changing accounting standards for financial instruments on the financial asset management of commercial banks in the Sekondi-Takoradi Metropolis (STM), focusing on IAS 39 and IFRS 9. Descriptive research design was used. The population was branch managers and account/audit/finance staff of 13 commercial banks in the metropolis who were 91 in number. The census method was used to capture all subjects within the accessible population. Questionnaire with a Cronbach alpha reliability coefficient of 0.871 was used to collect the data. Out of the 91 questionnaires administered, the researcher was able to retrieved 73 completed and accurate questionnaires from the respondents. Both descriptive and inferential statistical tools were used to analyse the data. The findings of the study revealed that requirements of IFRS 9 have been welcomed by commercial banks in STM. The replacement of accounting standards for financial instruments, from IAS 39 to IFRS 9, has moderate effect on the effectiveness of the financial asset management of the banks. It was recommended to management of the banks to ensure that branch managers, and account/audit/finance staff are abreast with IFRS 9 compliance. This will help them adapt meaningfully to the changing accounting standards for financial instruments, especially from IAS 39 to IFRS 9, in order to help manage the financial asset of the banks effectively.

Keywords: Accounting standards, Classification and management, Financial asset management

1. Introduction

The ever increasing role and focus on financial accounting standards among financial institutions cannot be overemphasised because of its vital end products. Most institutions performances are assessed using their financial statements. Through financial accounting, financial institutions such as banks are able to identify, measure, classify, and communicate their financial information to owners and other stakeholders, which permit users to make informed judgment and decisions (Wood & Sangster, 2015). The reliability on financial statement by users called for standards to regulate the preparation of such statements to enhance its reliability (Gebhardt & Novotny-Farkas, 2018). Such standards are called accounting standards.

Several customised accounting standards were developed by different countries to regulate the accounting system peculiar to their business environment (Barlev & Haddad, 2017). As a result, there are different similarities of accounting standards which are adopted to replace others, and as a result of such changes, financial assessment management of the banks may be affected, either negatively or positively. According to Collin, Tagesson, Andersson, Cato and Hansson (2017), one of such standards that are changed by most financial institutions is International Accounting Standards (IAS) 39 and International Financial Reporting Standards (IFRS) 9. The International Accounting Standards Board (IASB) published a final version of IFRS 9 which replaced the current IAS 39. Most banks that have financial instruments in the statement of financial position have to replace the existing IAS 39 with IFRS 9. The replacement has a significant impact on accounting itself, processes, activities, decision-making and ultimately on financial statements (Mutawaa & Hawaidy, 2017; Vatsadze, 2017).

High quality standards of financial reporting underpin the trust that investors place in financial information and thus, play an integral role in contributing to an organisation's performance and financial stability (Collin et al., 2017). Even though Ghana already has a regulated banking market, the new standard, IFRS 9 financial instruments, is still believed to have a substantial influence on how banks and credit institutes will account for future credit losses. One reason for this is the expected credit loss model in IFRS 9, stating that banks are required to account for expected credit losses instead of just incurred ones (KPMG, 2014). The changing accounting standards of financial institutions, with regard to IAS 39 and IFRS 9, have resulted to some level of challenges in their financial asset management.

According to Bank of Ghana (BoG, 2018), most commercial banks in Ghana are facing challenges regarding their credit losses and ineffective parallel run of IAS 39 and IFRS 9. This may be the reason behind current financial crises experienced by these banks. Most of these banks' corporate cultures are not in line with the recognised standards. To prevent the problems associated with this crisis and future ones, commercial banks in Ghana have developed more risk aversion strategies resulting in some of the world's most regulated banking markets (Institute of Chartered Accountants Ghana [ICAG], 2019). This includes the adoption of IFRS 9 to replace IAS 39. This situation has made many commercial banks in Ghana to keep changing their adopted accounting standards for financial instruments.

Previous studies (Barlev & Haddad, 2017; Gornjak, 2017; 2018; Murphy, 2017; Vatsadze, 2017) have shown that accountants rely on comparability when accounting standards are harmonised internationally. In the study by Gornjak (2017), it can be concluded that an improved comparability is a consequence of an increase in uniformity and strong implementation credibility; but also a clear understanding and communication. It appears to be a concern in the banking world that the changing accounting standards for financial instruments will have a negative impact on the financial asset management of commercial banks (Simmons, 2017). Again, previous studies have shown that the implementation of new accounting standards, stemming from the wish to harmonise regulations in accounting, does not always improve comparability and financial asset management (Murphy, 2017; Mutawaa & Hawaidy, 2017; Simmons, 2017). This calls for the need to communicate and understand when implementing a principle based standard such as IFRS 9.

The discussion so far shows that most of the studies on changing accounting standards for financial instruments are done in developed countries. However, the adaption and implementation of international accounting standards has been shown to differ from country to country and from company to company, which has resulted in different interpretations and practical adaptations of accounting rules. Therefore, it is appropriate to look at the effects of changing accounting standards for financial instrument of commercial banks in Ghana in order to understand the issues within the Ghanaian cultural context. It is these gaps that motivated the researcher to examine IAS 39 and IFRS 9 of commercial banks in Ghana. Specifically, the study assesses the effects of changing accounting standards for financial instruments on the financial asset management of the banks, focusing on commercial banks in the Sekondi-Takoradi Metropolis (STM) of the Western Region of Ghana.

1.1 Purpose of the Study

The purpose of the study was to investigate the effects of changing accounting standards for financial instruments on the financial asset management of commercial banks in STM, Ghana, focusing on IAS 39 and IFRS 9.

1.2 Research Questions

Based on the purpose of the study, the following research questions were formulated to guide the study:

1. What is the extent to which commercial banks in STM comply with IFRS 9?

2. What is the effect of implementation of IFRS 9 on the comparability in accounting of commercial banks in STM?

3. What are the effects of changing accounting standards for financial instruments (from IAS 39 to IFRS 9) on the financial asset management of commercial banks in STM?

1.3 Significance of the study

The study will contribute immensely to literature in the area of accounting standards and IFRS compliance in Ghana, especially regarding the changing from IAS 39 to IFRS 9. The study will further provide information on the extent to which commercial banks comply with IFRS 9 and factors accounting for differences in compliance and the comparability of their financial asset management. The study will also provide appropriate basis to conduct future research in the area of IFRS 9 compliance in Ghana and its effects on financial asset management. Also, the findings will provide information for researchers and practitioners to understand the effects of changing accounting standards on the financial asset management of commercial banks.

1.4 Delimitations

Geographically, the study was delimited to the various commercial banks in STM. Due to the numerous numbers of changing accounting standards for financial instruments, the study was restricted to IAS 39 and IFRS 9. Also, the variables considered include classification and management, impairment, and hedging accounting as IFRS 9 compliance indicators. IAS 39 and effective financial asset management were also considered. In relation to respondents, the study was delimited to management and finance/audit/account staff of the commercial banks. These categories of staff were considered because they are more involved and familiar with the adopted accounting standards of the bank and also the banks' financial asset management.

1.5 Conceptual Framework

Deductions from the literature show that replacement of the standard for financial instruments IAS 39 with IFRS 9 is as a result of the financial crisis that began in 2008. It can be sum up that the valuation of financial instruments in accordance with IAS 39 is one of the causes of the financial crisis in 2008. Generally, the suggestions given to improve IAS 39 focused on the complexity of IAS 39 for financial instruments, the extent to which the financial instrument is subject to fair value, and the procedure of recognition and measurement of financial instruments. IFRS 9 enhances the ability of investors and other stakeholders for the presentation of financial information and increasing understanding of financial assets. Simplifications are relating to the initial measurement of financial instruments, which should be or at amortised cost or at fair value and a unified model of impairment of the financial instruments, which uses a model of expected credit losses. Because of the changes in accounting in accordance with IFRS 9 the sector can expect further changes in processes and decision making in organisations.

The conceptual framework of the study is illustrated in Figure 1 and based on the works of prior research. The figure illustrates the relationship between IFRS 9 compliance and effective financial asset management. Also, the controlling role of staff years of experience on IFRS 9 compliance, after changing from IAS 39 to IFRS 9 was considered in the figure.

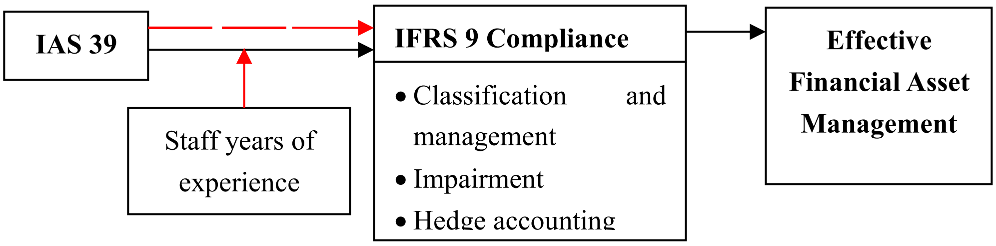

Figure 1. A conceptual framework of the study

Source: Authors construct (2019)

The argument of the study, as presented in Figure 1, is that changing from IAS 39 to IFRS 9 is now a necessity for financial institutions to help avoid the collapse of the financial sector. However, changing from one accounting standard to another may not necessary lead to high level of compliance in the new standard. The study is of the view that, qualified staff with relevant experience are able to help enhance the compliance level of the banks regarding the new adopted standard. Therefore, qualified and experienced staff in the banking sector can help boost the institutions financial instrument by changing from the old and complex one (IAS 39) to a new, simple and realistic one (IFRS 9). This will help boost the banks' compliance level with regard to classification and management, impairment, and hedge accounting. These dynamics in the long run will in turn enhance the effectiveness of the banks' financial asset management.

2. Research Methods

The researcher adopted the quantitative approach for this work. In relation to design, descriptive research design was used. The target population for the study was all permanent staff of the various commercial banks in STM. However, the accessible population was branch managers and account/audit/finance staff of 13 commercial banks in the metropolis. Records from the various banks show that averagely each branch of a bank has about seven staff in total with regard to these categories of staff. Therefore, the accessible population of the study was 91. The distribution of the accessible population is presented in Table 1.

Table 1. Accessible population of the study

Category of Respondents	Frequency (No.)	Percent (%)
Branch managers	13	14.3
Finance/accounting/audit staff	78	85.7
Total	91	100

Source: Bank of Ghana (BoG, 2018)

Due to the relatively small number of subjects in the accessible population, the census method was deemed proper and doable for this study. Also, the census was necessary since subjects in the accessible population were quite different from each other.

3. Data Collection Instrument and Procedures

Questionnaire was used to collect the data. This instrument was deemed appropriate because it provided a much quicker means of gathering information from a literate population. The questionnaire was pre-tested at the Cape Coast Metropolis using four commercial banks: Ghana Commercial Bank, National Investment Bank, Zenith bank, and Barclays Bank Ghana. In all, 28 staff was used to pretest the questionnaire. The Cronbach alpha reliability coefficient obtained from the questionnaire was 0.871 which was deemed reliable (Pallant, 2010).

A period of nine weeks was used to collect the data. The data collection process started from Tuesday 11 June, 2019 and ended on Friday 9 August, 2019. Prior to the administration of the questionnaire, an informal familiarisation visits were made to the various banks to gather additional information regarding the issues under study. The questionnaires were administered personally to the 91 sampled subjects. The data collection procedures were carried out in three stages. The first stage was the collection of list of respondents. The second stage was the distribution of the questionnaires while the third stage focused on retrieving the questionnaires administered. Out of the 91 questionnaires administered, the researcher was able to retrieved 73 completed and accurate questionnaires. This resulted is 80.2 percent response rate.

4. Data Processing and Analysis

The data collected were first grouped for sorting to ensure accuracy and clarity. After the sorting, they were coded using numerical values for the data view of the Statistical Product and Service Solutions (SPSS) Version 19.0. After this, the data were inputted into the data view to complete the keying process. Specifically, mean and standard deviation were used to analyse data regarding the first research question of the study while frequency and percentage were used to analyse data on the second research question. Data on the third research question were analysed using linear multiple regression analysis. The rationale for using these statistical tools was that the responses were all coded numerically using unilinear scale.

5. Results and Discussion

The rationale behind the first research question was to *examine the extent as well as the level to which commercial banks in STM comply with IFRS 9 presentation and disclosure requirements*. In answering this question, the study employs means and standard deviations to tackle the question as expected. Three dimensions of IFRS 9 were considered: classification and measurement, impairment, and hedge accounting. Multiple items were used to collect data on these three dimensions with regard to compliance levels. The items were pooled together using average responses to form each of the major dimensions. The results are presented in Table 2.

As indicated in Table 2, the results show that the various commercial banks in STM comply with the classification and measurement component of IFRS 9 meaningfully (Mean = 3.269, Std. Dev. = 0.379). This means, IFRS 9 with categories that reflect the measurement, namely amortised cost, fair value through other comprehensive income and FVTPL are complied by the banks. Again, the views of the respondents show that the commercial banks in STM comply meaningfully with impairment component of IFRS 9 (Mean = 2.864, Std. Dev. = 0.328). This may mean that the various commercial banks in STM apply a single impairment model to all of their financial instruments subject to impairment testing. Furthermore, the results mean that expected credit losses (ECLs) are recognised at each reporting period, even if no actual loss events have taken place. Also, the results show that the various banks comply with the hedging accounting components of IFRS 9 (Mean = 2.958, Std. Dev. = 0.432).

Table 2. Respondents' view on the dimensions of IFRS 9 compliance

Dimensions of IFRS 9 Compliance	Mean	Std. Dev.
Classification and measurement	3.269	0.379
Impairment	2.864	0.328
Hedge accounting	2.958	0.432
Mean of all means	3.030	0.379

Source: Field data (2019) Where Std. Dev. = Standard Deviation (N = 73)

Tables 2 shows that staff of the banks perceived the three phases of IFRS 9 positively, as a result, the banks comply with all the three phases of IFRS 9. This means financial assets of the banks are held at either fair value or amortised cost, except for equity investments that are not held for trading, which may be held at fair value through other comprehensive income. Also, in relation to financial liabilities, gains and losses on fair value changes in own credit arising on non-derivative financial liabilities designated at fair value through profit or loss are excluded from the income statement and instead taken to other comprehensive income of the banks. Likewise, expected losses (instead of incurred losses) are reflected in impairment allowances for financial assets that are not classified as fair value through profit or loss, and that hedge accounting of the banks are more closely associated with financial risk management.

The findings show that the banks are meeting the presentation and disclosure requirements of IFRS 9 which confirms Gornjak (2017) conclusion that, the commercial banks duly comply with IFRS 9. This finding is also in line with that of Mutawaa and Hewaidy (2017) who had an empirical study of Kuwaiti companies and reported IFRS 9 as the standard with the highest mean compliance score of 2.578, when a four-point unilinear scale was used. However, this is lower than the compliance score in Ghana which implies that commercial banks in STM comply more than companies in Kuwait with regard to IFRS 9.

Furthermore, the findings are consistent with the comments of Gornjak (2018) who posits that IFRS 9 introduces the new forward-looking approach in accounting which changes the processes. Also, it has an impact on decision-making and has an effect on financial statements. Gornjak (2018) added that most companies in the European Union replaced IAS 39 with IFRS 9 after the financial crisis, and are currently complying meaningfully with IFRS 9. However, the findings are incongruent with that of Vatsadze (2017) who reported that noncompliance was common with regard to classification and measurement, expected credit losses, and hedge accounting in most developing countries. However, in the case of United Kingdom, the problem of noncompliance became a thing of the past after the financial crisis when banks and other institutions moved from IAS 39 to IFRS 9.

The objective of the second research question was to *determine the effect of implementation of IFRS 9 on the comparability in accounting of commercial banks in STM*. Firstly, it can be concluded from the survey that more than 50 percent of the population are in an early stage of the implementation process, although about 10 percent of the banks have not yet started. First, respondents were asked to indicate their views on the comparability of financial reports under IFRS 9 across the banks, after changing from current comparability under IAS 39.

As indicated in Table 3, when respondents were asked to indicate how they think the comparability of financial reports under IFRS 9 across their respective banks will change from current comparability under IAS 39, 60.3 percent indicated that it will increase. However, 13.7 percent of the respondents indicated that there will be no change while 16.4 percent indicated that they have no idea. This shows that the comparability of financial reports of the various banks have increased after their adoption of IFRS 9. The finding is consistent with that of Gebhardt and Novotny-Farkas (2018) whose study suggests that the predictive ability of loan loss allowances improved following IFRS adoption. Finally, in supplemental analyses they document that increased comparability of loan loss allowances is associated with the cross-country convergence of the risk sensitivity of bank leverage indicating an improvement in the effectiveness of market discipline.

Table 3. Respondents' view on the change in the comparability of financial reports from IAS 39 to IFRS 9 across banks

	How do you think the comparability of financial reports under IFRS 9 across your bank will change from current comparability under IAS 39?	
Responses	Frequency (No.)	Percent (%)
No change	10	13.7
No idea	12	16.4
Decrease	7	9.6

Increase	44	60.3
Total	73	100

Source: Field data (2019)

The study further finds out whether the banks intend to have a parallel run of the IFRS 9 expected credit loss calculations and the loan loss provisions under the application of IAS 39. The results are presented in Table 4. As indicated in the table, majority (67.2%) of the respondents indicated that yes, for 12 months during 2017 when they were asked whether their bank intend to have a parallel run of the IFRS 9 expected credit loss calculations and the loan loss provisions under the application of IAS 39.

The finding that emerged from Table 4 is consistent with the comments of Gornjak (2017) who posits that one of the main changes with IFRS 9 is that companies need to account for expected credit losses rather than just incurred ones. He added that most organisations intend to have a parallel run of IFRS 9 expected credit loss calculations and the loan loss provision under the application of IAS 39 for 12 months during the implementation years.

Table 4. Respondents view on the banks intention to have a parallel run of the IFRS 9 expected credit loss calculations and the loan loss provisions under the application of IAS 39

Responses	No.	%
Yes, for more than 12 months	6	8.2
Yes, for 12 months during 2017	49	67.2
Yes, but for a period less than 6 months during 2017	9	12.3
I have no opinion on this question	9	12.3
Total	73	100

Source: Field data (2019)

Respondents were further asked to indicate how they assess the risk that their bank will not be fully prepared for the initial application of IFRS 9. The results are presented in Table 5. Majority (76.7%) of the respondents were of the view that the risk that their respective banks will not be fully prepared for the initial application of IFRS 9 is small. This means that the adoption and implementation of IFRS 9 to replace IAS 39 do not result in high level of risk to the various commercial banks in STM.

Table 5. Respondents view on the risk that banks will not be fully prepared for the initial application of IFRS 9

	How do you assess the risk that your bank will not be fully prepared for the initial application of IFRS 9?	
Responses	Frequency (No.)	Percent (%)
Non-existent	10	13.7
Small	56	76.7
Large	4	5.5
Very large	3	4.1
Total	73	100

Source: Field data (2019)

Respondents were further asked to rate the practical challenges of implementing IFRS 9 in the various banks. The results are presented in Table 6. There exist variations among the banks when it comes to the challenges of the implementation of the IFRS 9. This question is presented as a ranking question and the researcher has chosen to present the answers that received the highest ranking number by the respondents. The majority (94.5%) of the respondents indicated that how to integrate and capture forward-looking information is the most practically challenging field their respective banks are encountering regarding their implementation of IFRS 9.

Table 6. Respondents view on the practical challenges of implementing IFRS 9

Practical challenges of implementing IFRS 9	No.	%
How to integrate and capture forward looking information	69	94.5
The tracking of original credit status (rating/scoring)	44	60.3
How to align risk information from a prudence-perspective in to the more neutral perspective of financial reporting under IFRS?	4	5.5
How to generate multi-year expectations of expected credit losses?	54	74.0
Disclosures	3	4.1
Governance and controls	5	6.8
Data quality	63	86.3
Availability of skilled resources	45	61.6

Source: Field data (2019) (N = 73)

Furthermore, Table 6 show that data quality (86.3%), how to generate multi-year expectations of the expected credit losses (74.0%), the availability of skilled resources (61.6%), and tracking of original credit status (60.3%) are also considered as issues in this current situation. The results show that the banks are facing practical challenges of implementing IFRS 9, however, the benefits of implementing the IFRS 9 standard outweighs the weaknesses. The findings corroborate with that of Simmons (2017) who posits that effective integration, data quality and availability of skilled resources are weaknesses that entities are facing when changing from IAS 39 to IFRS 9. According to Simmons, the benefits outweigh the costs of implementation. A further disadvantage is lack of convergence with other standards. However, IASB believes that requirements for recognition, classification, and measurement are the same in developed countries and that organisations with global focus are not in a position of competitive disadvantage mainly on specific models of impairments (Mutawaa & Hawaidy, 2017).

In relation to how IFRS 9 will affect the levels of credit loss provisions of banks, 61.6 percent of the respondents indicated that the level is the same as today while 56.2 percent of the respondents were of the view that it has increase by 10 percent. This means that there has been some level of positive change in the implementation of IFRS 9. Also, majority (53.4%) of the respondents expected that IFRS 9 will affect the comparability of credit loss provisions between different credit institutions less. Similarly, 56.2 percent of the respondents were of the view that they expect increase in lending margins after the adoption and implementation of IFRS 9.

Furthermore, respondents were asked to indicate whether they calculate their expected losses under IFRS 9. The results are presented in Table 7. From the table, it can be observed that 61.6 percent of the respondents state that they calculate expected credit losses and communicate this internally while 38.4 percent indicated that they communicate this both internally and externally.

Table 7. Respondents view on expected losses under IFRS 9

Responses	Do you expect to calculate your expected losses under IFRS 9 before 2018 and communicate this?	
	Frequency (No.)	Percent (%)
Yes, internally	45	61.6
Yes, both internally and externally	28	38.4
Total	73	100

Source: Field data (2019)

The findings that emerged from Table 3 to 7 show that the implementation of IFRS 9 has moderate and positive effect on the comparability in accounting of commercial banks in STM. The results support the assertion that there are several differences between expected credit loss model in IFRS 9 and its predecessor IAS 39. IAS 39 includes several impairment models whilst IFRS 9 sets guidelines for companies to develop their own rules (KPMG, 2014). The findings support the submission that most entities in the banking industry prefer to calculate their expected losses under IFRS 9 before 2018 and communicate this internally (KPMG, 2014). Furthermore, KPMG (2014) indicated that the new standard, IFRS 9 gives room for new complexities and wider scope to estimating impairment. These judgments rely upon the company's ability to estimate expected credit losses and if the credit risk has increased significantly.

The rationale of the last research question was to find out the *effects of changing accounting standards for financial instruments (from IAS 39 to IFRS 9) on the financial asset management of commercial banks in STM*. In tackling this objective, the study used the linear regression analysis to analyse the data. Before analysing the data, the study checked for multicollinearity. The SPSS Version 19.0 was used to assess the Variance Inflation Factor (VIF) that measures multicollinearity in the regression model since multicollinearity misleadingly inflates the standard errors. Thus, it makes some variables statistically insignificant while they should be otherwise significant. The three phases of IFRS 9 were treated as independent variables while financial asset management of commercial banks was treated as dependent variable respectively. The results are presented in Table 8.

Table 8. Effects of changing accounting standards for financial instruments on the financial asset management of commercial banks in STM

Variables	Unstandardised Coefficient		Standardised Coefficient		Collinearity Statistics	
	B	Std. Error	Beta (β)	Sig.	Tolerance	VIF
Classification and measurement	0.283	0.022	0.278**	0.000	0.627	1.595
Impairment	0.122	0.022	0.123**	0.000	0.603	1.659
Hedge accounting	0.098	0.022	0.111**	0.000	0.481	2.079
Staff years of experience	0.111	0.026	0.098**	0.000	0.574	1.743
Constant			1.464			
R			0.711			
R Square			0.593			
Adjusted R Square			0.571			

Source: Field data (2019) **$p < 0.01$ (N = 73)

Dependent Variable: Financial asset management

As depicted in Table 8, all the three phases of IFRS 9 and staff years of experience contributed positively to financial asset management of commercial banks in STM. In relation to the three phases of IFRS 9, classification and measurement ($\beta = 0.278$, $p < 0.01$), impairment ($\beta = 0.123$, $p < 0.01$), and hedge accounting ($\beta = 0.111$, $p < 0.01$) contributed 27.8 percent, 12.3 percent, and 11.1 percent to financial asset management of commercial banks in STM significantly. Also, staff years of experience ($\beta = 0.098$, $p < 0.01$) contributed positively to financial asset management of commercial banks in STM.

It is however significant to observe that the total contribution of the independent variables to the variance in the dependent variable is 0.593 with an adjusted R^2 of 0.571. This means that staff years of experience and IFRS 9 compliance are able to predict or explain 59.3 percent of the variance in financial asset management of commercial banks in STM. This means, quite apart from the three phases of IFRS 9 and staff years of experience, other variables that are not yet considered in the model have a chance of contributing 40.7 percent to financial asset management of commercial banks in STM.

The findings may mean that changing from IAS 39 to IFRS 9 has helped boost the banks financial asset management meaningfully for about 59.3 percent. That is, compliance with IFRS 9 enhances the effectiveness of financial asset management of the banks. The findings are consistent with the findings of Mutawaa and Hawaidy (2017) which show that replacing IAS 39 with IFRS 9 has helped boost the success of Kuwaiti companies.

Furthermore, the findings are consistent with the comments of Vatsadze (2017) who posits that one of the main changes with IFRS 9 is that companies need to account for expected credit losses rather than just incurred ones. As a result, companies that have successfully replaced IAS 39 with IFRS 9 are able to boost the management of the companies' asset management effectively. However, how the level of information in the implementation process is interpreted and perceived can affect comparability in accounting negatively due to the room for subjective interpretations.

Similarly, the findings that emerged from the study are congruent with that of Gornjak (2018) who also analyse the replacement of IFRS for financial instruments: IAS 39 versus IFRS 9. IFRS 9 introduces new classification and measurement of financial instruments and a new model of impairment, which is based on the expected credit losses. The financial instruments are classified into two categories of measurement which are amortised cost or fair value according IFRS 9. Furthermore, Gornjak (2018) found that IFRS 9 introduces the new forward-looking approach in accounting, the new accounting changes the processes, has an impact on decision-making and has an effect on the financial statements. This shows that changing accounting standards for financial instruments, that is, from IAS 39 to IFRS 9, have significant and moderate effect on the financial asset management of commercial banks in STM.

6. Conclusions

Based on the findings from the study, it can be concluded that the requirements of IFRS 9 have been welcomed by users and preparers of financial statements, and by regulators. The various commercial banks in STM comply with IFRS 9 meaningfully. Also, the implementation of IFRS 9 has moderate effect on the comparability in accounting of commercial banks in STM. Based on the serious shortcomings of IAS 39 and the likely net benefits of IFRS 9, it is reasonable to believe that the accounting for financial instruments has finally found, not without some complications, a new equilibrium which will, among other things, simplify the task of preparers in many areas, re-establish prudence in impairment accounting, and bring higher quality information to users of financial statements. The changing accounting standards for financial instruments (from IAS 39 to IFRS 9) have moderate effect on the effectiveness of the financial asset management of commercial banks in STM. In conclusion, the replacement has an effect on the accounting, on decision making, and in the strategy of the various commercial banks.

7. Recommendations

Based on the key findings and conclusions of the study, the following recommendations are made:

- Owners/managers of the various commercial banks should ensure that staff within their accounting unit is abreast with IFRS 9 compliance and other standards. This will help them adapt meaningfully to the changing accounting standards for financial instruments, especially from IAS 39 to IFRS 9, in order to help manage the financial asset of the banks effectively.

- The ICAG which is the sole regulator of the accounting profession in Ghana should liaise with BoG and the various financial institutions in the country to organise regular training programmes intended to provide practical guide for compliance with the IASB standards since the IFRSs receive continuous amendment. This will help boost staff experience which has meaningful and positive effect on the banks' level of compliance with IFRS 9.

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