



SUCCESS STORY

Banks Adopt International Standards

Turkmenistan's banking sector embraces the use of International Financial Reporting Standards with the help of USAID



Specialists of the JSC Senagat bank and the State Bank for Foreign Economic Affairs at an IFRS training. Photo: Deloitte Consulting LLP

"... The adoption of IFRS will result in a greater transparency, comparability of performance indicators, and, as a result, will increase opportunities for potential investors to analyze the banking sector activity."

—Yulia Lopatina, Head of the Accounting Division, the State Bank for Foreign Economic Affairs of Turkmenistan

With USAID support, Turkmenistan's banking sector is gradually adopting the use of international standards that will foster transparency of financial statements and foreign investments, ultimately leading to the economic growth throughout the region.

Since the country became independent from the Soviet Union in 1991, one of the uppermost issues in Turkmenistan's economy has been bringing the accounting system and financial reporting practice in compliance with

International Financial Reporting Standards (IFRS). The assessment conducted by USAID banking sector advisors determined that local banking sector specialists lacked knowledge and strategic vision to introduce IFRS into existing accounting systems.

To assist Turkmenistan in promoting IFRS, USAID's Economic Reforms to Enhance Competitiveness Project has joined with the United Nations Development Program (UNDP) to introduce IFRS in two banks in Turkmenistan: the joint-stock commercial bank "Senagat" and The State Bank for Foreign Economic Affairs of Turkmenistan.

These banks were identified by the Central Bank of Turkmenistan as the pilot banks to create new chart of accounts, upgrade accounting policy, and prepare financial statements in compliance with IFRS. The USAID

project organized trainings and seminars for the staff of these banks on IFRS and helped develop practical action plans for their transition to international standards. "USAID's IFRS consultants clarified in detail all issues for our specialists regarding the accounting policy," said Guljahan Hemrayeva, Chief accountant of Senagat.

As a result of USAID's efforts, specialists from the pilot banks have acquired practical skills for adoption of IFRS and developed accounting policies and financial statements for the years 2008 and 2009. Now, two banks use the same accounting and financial reporting language as entire international business community. Their reporting is transparent and easier to interpret both for the local businesses and foreign investors.

Inspired by the progress at the two pilot banks, the Central Bank of Turkmenistan has announced that IFRS will be adopted throughout the entire banking sector of the country. "The adoption of IFRS will result in a greater transparency, comparability of performance indicators and as a result will increase opportunities to analyze the bank's activity for potential investors," said Yulia Lopatina, Head of the Accounting Division, the State Bank for Foreign Economic Affairs of Turkmenistan.