



## SUCCESS STORY

# Banks Adopt International Standards

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

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 economic growth throughout the region.

Since the country gained independence in 1991, one of the most pressing issues facing Turkmenistan's economy has been bringing its accounting system and financial reporting practice into compliance with International Financial Reporting Standards (IFRS). An assessment conducted by USAID banking sector advisors determined that local banking sector specialists lacked the 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 joined with the United Nations Development Program 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 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 on IFRS for the banks' staff 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 the practical skills for adopting IFRS and inspired the Central Bank of Turkmenistan to announce that IFRS will be adopted throughout the country's entire banking sector. "The adoption of IFRS will result in greater transparency, comparability of performance indicators and, as a result, will increase opportunities for potential investors to analyze banking sector activity," said Yulia Lopatina, Head of Accounting Division, State Bank for Foreign Economic Affairs of Turkmenistan.

Jointly sponsored by USAID and Chevron Nebitgaz, the Economic Reforms to Enhance Competitiveness Project has successfully tackled an important developmental goal through the use of the Private Sector Alliance mechanism, which addresses jointly defined business and development objectives.



Photo: Deloitte Consulting LLP

*Specialists of the JSC Senagat Bank and the State Bank for Foreign Economic Affairs at an IFRS training session.*

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