

ABSTRACT

THE PERSISTENCE OF EARNINGS AFTER THE ADOPTION OF IFRS

(The Study is to Investigate on Banking Sector at The Indonesia Stock Exchange)

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The aim of the study is to investigate whether IFRS adoption enables to enhance persistence of earnings. In order to generate the objective of the study, I do a study in banking sector that implement IFRS. We do cutoff in 2010 as central before and after adopted IFRS. This study is to see persistence of earnings using simple regression analysis. This study shows that profit regression coefficient after IFRS adoption seem to improve persistence of earnings. Study indicates that profit quality after accounting standard that use IFRS is higher in term of profit quality before implement IFRS. However, profit that generated by company after implement IFRS seem decrease compared to profit when companies do not implement IFRS. Thus, this phenomenon should be carefully taken by investors.

This study implies that there are persistence of earnings after IFRS adoption in the Indonesian banking sector. This has several limitations: 1) this study should be carefully taken if it will generalized in other banking sector, 2) this study only uses two years before and two years after implement IFRS as IFRS adoption is conducted in 2010. Thus, it is to early to conclude the overall conclusion.

Keywords: Profit Quality, Persistence of earnings, IFRS, Banking Sector, The Indonesia Stock Exchange.