

Abstract

IFRS ADOPTION AND FIRM VALUE: BANKING IN GCC COUNTRIES

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The purpose of this dissertation is to identify the impact of International Financial Reporting Standards (IFRS) on cost of capital and thus firm's value. In this research every valuation model is influenced by a different key factor, including the cost of capital and shows the consequences of IFRS adoption on key component factors. This research does take into consideration changes in accounting standards and financial statements to better understand the changes post-IFRS while comparing them to the state prior to the transition. The quantitative analysis was carried using data gathered from Thomson Reuters (currently LSEG Eikon) and Cedrus Bank per country pre- and post-IFRS implementation for banks listed in GCC stock exchange markets. The O'95 model and Modified Ohlson model were performed to analyze the quantitative data. The study examines whether the implementation of IFRS in GCC countries since 2006 has had a positive or negative impact on the cost of capital and firm value of publicly traded banks. According to the data, IFRS adoption in the GCC region has a positive impact on the decision-making process, cost of capital, and intrinsic values of listed banks.

Keywords: IFRS, GCC countries, cost of capital, firm value