








# “IFRS 9 adoption and the value relevance of accounting information: Evidence from the banking sector”

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# IFRS 9 ADOPTION AND THE VALUE RELEVANCE OF ACCOUNTING INFORMATION: EVIDENCE FROM THE BANKING SECTOR

**Abstract**

The objective of adopting a new International Financial Reporting Standard (IFRS) is to enhance the value relevance of accounting information. Accounting information has value relevance when the market price of securities reacts to the financial statements. This study aims to analyze the effect of IFRS 9 adoption on the value relevance of financial statements and whether the delayed adoption of IFRS 9 in Indonesia increases the value relevance of accounting information compared to Malaysia, which implemented it immediately. Malaysian banks effectively adopted IFRS 9 in 2018 as required by the International Accounting Standard Board (IASB); meanwhile, Indonesian banks only began to implement it effectively on January 1, 2020. The data used come from conventional banks listed on the Indonesia Stock Exchange for the period 2015–2019 (pre-IFRS 9) and 2020–2024 (post-IFRS 9), and from Bursa Malaysia for the period 2013–2017 (pre-IFRS 9) and 2018–2022 (post-IFRS 9). The results revealed that IFRS 9 adoption increased the value relevance of banking financial statements in both countries. However, Malaysian banks showed a higher increase in the value relevance of financial statements than those of Indonesian banks. These findings indicate that the timing of the new accounting standards adoption has various impacts on investor behavior.

**Keywords**

value relevance, IFRS 9 adoption, book value, earnings value, financial statements

**JEL Classification**

M41, G21

**INTRODUCTION**

Several countries in Asia have adopted IFRS 9 on financial instruments, effective from January 2018, including Malaysia, Singapore, the Philippines, Hong Kong, Taiwan, and Korea, as well as Australia and New Zealand (Kyi & Tawiah, 2023; Fitch Ratings, 2016). Unlike other countries, Indonesia has delayed the adoption of IFRS 9, which was effectively implemented on January 1, 2020. One of the main reasons for postponing the adoption of IFRS 9 is that it has a wide impact on banks' financial statement performance. The application of IFRS 9 with the expected loss approach requires banks to directly recognize the consequences of changes in expected credit losses, following the initial recognition of financial assets based on forward-looking views, including macroeconomic predictions (Okeke et al., 2025). This approach can escalate the number of non-performing loans and elevate the burden of credit losses, which has implications for reducing the capital adequacy ratio (Jasman & Murwaningsari, 2022).

Due to its substantial effect on the performance of financial statements, the Institute of Indonesian Chartered Accountants (IAI) post-

poned the application of IFRS 9. Banks, through its association which is called PERBANAS (Indonesian Banks Association) has made preparations for the adoption of IFRS 9 by holding several discussions with members of PERBANAS and IAI, as well as with the Financial Services Authority (OJK) to discuss the impact on taxation and also disseminate information to stakeholders about the consequences of declining banking earnings performance (Jasman & Mawardi, 2019). By delaying adoption and allowing sufficient time for preparation, including informing investors about the impact on financial report performance, it is expected that at the time of implementation, they will have more information content, thereby increasing the value relevance of financial report information. Value relevance describes the relationship between accounting figures and returns or stock prices, namely the ability of the information presented to show events that have an impact on the market value of a unit or share price.

The question that arises in the adoption of IFRS 9 is whether this standard provides more useful information for the stock market of banks in Indonesia compared to banks in Malaysia, and whether all information disclosed in the financial statements accurately presents the value of the bank entity, which is referred to as the value relevance. Another question that needs to be answered is whether the delayed implementation of IFRS 9 in Indonesian Banks increases the value relevance of financial statements more than banks in Malaysia that implemented it directly in January 1, 2018.

## 1. LITERATURE REVIEW

Management is given the authority to make decisions. This aligns with agency theory, which posits that there is an agreement between shareholders, acting as principals, and management, acting as agents (Jensen & Meckling, 1979). However, the two parties have different interests, and the agent may behave inconsistently with the interests of the shareholders. Managers, as humans, will most likely act based on opportunistic behavior. The opportunistic nature of managers is that they prioritize their personal interests over the interests of others, such as investors. The correlation of this study with agency theory is that investors rely heavily on financial reports, which provide information content in their decision-making. Consistent with agency theory, this study investigates the effect of adopting the new International Financial Reporting Standard (IFRS), such as IFRS 9 financial instrument on the value relevance of financial statements.

The researchers whose studies support the effect of IFRS 9 adoption on the value relevance in Indonesian banking include Firmansyah et al. (2023), on the financial reporting quality: Jasman and Aminatunnaza (2023), on the value relevance in Malaysian banking: Marzuki et al. (2021), on the value relevance in Iraq: Mohammed and Al-Mashhadani (2021), on the firm value in Middle East and North Africa re-

gion: Ltaief and Moalla (2023), on the challenges and economic consequences in China: Guo et al. (2023), and on bank risk (Kyi & Tawiah, 2023).

Previous study analyzed the value relevance of IFRS overall adoption among Indonesian banks include Anggraita et al. (2020), non-financial listed firms in Saudi Arabia: Chehade and Prochazka (2023), a comparative analysis between Islamic, conventional and hybrid banks in UK: Agbodjo et al. (2020), perceptions of professional accountants from ASEAN countries: Joshi et al. (2016), during IFRS convergence period: comparative evidence between India and Indonesia: Srivastava and Muharam (2021), on intangible assets of non-financial firms in Italy: Cordazzo and Rossi (2019), on conditional conservatism in China: Isaboke and Chen (2018), on value relevance from developing countries: Gomes & Costa, (2022), Nijam and Jahfer (2018), Outa et al. (2017), on value relevance to foreign direct investment: Owusu et al. (2017), for non-financial listed firms in Canada: Okafor et al. (2015), for nonfinancial firms in Malaysia: Kadri et al. (2009), on emerging market: Temiz and Gulec (2017), a comparative approach before and after IFRS conversion in the European Countries: Kouki (2018).

Value relevance discusses the relationship between accounting figures and returns or stock prices (Karampinis & Hevas, 2011; Mohammed & Al-Mashhadani, 2021; Alford et al., 1993). Value rel-

evance is the ability of information prepared in accordance with IFRS to represent events that affect the market value of a unit or share price (Robu et al., 2016). Most studies on IFRS adoption, which changes in accounting standards reveal that an increase in value relevance of financial statements in the U.S (Imhanzenobe, 2022). In addition, Russian leading firms listed on the London Stock Exchange produce more value-relevant statements than those of local companies, which report under the Russian standards (Kim, 2013). Another study estimates the impact of accounting information, including the book value of equity per share, earnings per share, and operating cash flow per share, on the market value of the share. The results show that the prepared accounting figures are relevant (Alia et al, 2024).

Accounting information is declared to have value relevance when security prices react to financial statements (Scott & O'Brien, 2020; Francis & Schipper, 1999; Collins et al., 1997). In this regard, the next question is whether the delay in implementing IFRS 9 in Indonesia will give more value to shareholders in understanding reported accounting numbers compared to Malaysia. Malaysia was chosen as a comparison country since Malaysia is one of the countries that implemented IFRS 9 simultaneously with other countries in the region. The second reason is due to the ease of obtaining data for research. Unlike banking in Malaysia, which enforced IFRS 9 in 2018, in Indonesia, its adoption has been postponed to be effective in 2020; thus, banks have enough time to prepare and socialize its impact on profit performance. As a consequence, shareholders are more able to accept the impact on the performance of bank financial statements.

Indonesian Financial Accounting Standards were adopted by the Institute of Indonesian Chartered Accountants (IAI) based on IFRS. IFRS-based Financial Accounting Standards have been implemented since 2012 (Sukmawati & Pujiningsih, 2022). IAI requires a transition period of 3-4 years for new standards while minimizing the gap between the effective date of the new IFRS and the new Indonesian standards (Joshi et al., 2016). The decision to adopt IFRS was not made as a stand-alone strategy. Instead, it was carried out in conjunction with the readiness of other related insti-

tutions, such as the Directorate General of Taxes.

Previous studies on research regarding IFRS 9 adoption and its effects on value relevance in Indonesian banking are still very limited. Anggraita et al. (2020), who examined the adoption of IAS 39, which was effectively implemented in 2010, and its effects on value relevance, found that IAS 39 exerts a lesser influence on the relevance of accounting information. Additionally, Firmansyah et al. (2023), who examined the adoption of IFRS 9, which replaced IAS 39, and its effects on value relevance, used only one year of financial statements of 2019, for the period before IFRS adoption, and financial statements of 2020 for the period after IFRS adoption. They argue that allowance for loan loss provision was positively correlated with value relevance of income in the year of IFRS 9 adoption, which means the adoption of IFRS 9 provided more value relevance of financial reporting.

The Malaysian Institute of Accountants required Malaysian companies to use the Financial Reporting Standards (FRS) issued by the Malaysian Accounting Standards Board (MASB) (Joshi et al., 2016). Similar to Indonesia, previous research on the adoption of IFRS 9 related to value relevance in Malaysian banking is still very limited. Based on research on the change in financial reporting regime before and after the adoption of IFRS for listed property sector companies, it was revealed that earnings value and book value were relevant before IFRS implementation; meanwhile, only book value was relevant after IFRS adoption. As a whole, adjusted R-squared increased from 60% to 68%, indicating that the adoption of IFRS provided more value relevance in the financial statements figures as compared to before IFRS implementation (Kadri et al., 2009). In addition, Marzuki et al. (2021) found that IFRS 9 strengthens IAS 39 in terms of recognition, relevance, and the reliability of financial statements.

As discussed earlier, unlike Malaysia, which implemented IFRS in 2018, Indonesia deferred it until it became effective in 2020. One of the reasons to deter adoption is that it has a significant effect on decreasing the banks' financial statements performance (Jasman & Mawardi, 2021). IFRS 9 uses the expected credit losses method, which estimates

loan loss provision with a forward-looking approach and consequently would lower banks' earnings significantly, including the capital adequacy ratio (Devi et al., 2021; Jasman & Murwaningsari, 2022). Due to its broad impact, IAI (Institute of Indonesian Chartered Accountants) postponed its adoption and gave banks time to prepare for its adoption and disseminate information to stakeholders about its impact on a bank's financial performance. By giving 2 years for preparation of IFRS 9 implementation, banks in Indonesia have enough time for preparation and discussion with stakeholders, including shareholders, regarding the impact on bank performance and profits; thus, shareholders have been well informed about the effects of IFRS 9. Banks in Indonesia are considered to have higher value relevance of accounting figures or financial statements than banks in Malaysia.

Based on the above discussion, this study aims to analyze the effect of IFRS 9 adoption on the value relevance of banking financial reporting in two countries: Indonesia and Malaysia. The study also compares and discusses whether delaying the implementation of IFRS 9 in Indonesia has a greater impact on the value relevance of financial reporting compared to Malaysia, which implemented it immediately.

## 2. METHODOLOGY

### 2.1. Population and sample

The population of this study is all conventional commercial banks listed in the Indonesian Stock Exchange (IDX) and Bursa Malaysia. Islamic banks were excluded from this study because of their different business nature and characteristics. Data needed from Banks in Indonesia are for the period before IFRS 9 adoption, namely 2015–2019. The period after IFRS 9 adoption is 2020–2024. The period grouping is because IFRS 9 was effectively implemented from 1 January 2020 in Indonesia. Meanwhile, data required from Banks listed in Bursa Malaysia is for the period before IFRS 9 adoption, namely 2013–2017, and for the period after IFRS 9 adoption, namely 2018–2022. The period grouping is because in Malaysia, IFRS 9 was effectively implemented from 1 January 2018. The

sampling technique uses the purposive sampling method with the following criteria:

1. Indonesian Conventional Commercial Banks listed in IDX and in Bursa Malaysia;
2. which are not subsidiaries of Conventional Commercial Banks;
3. which report and publish complete annual reports and financial reports that can be accessed on their official website; and
4. conventional commercial banks that do not merge with other conventional commercial banks.

### 2.2. Operationalization of variables

Value relevance of financial statements indicates the magnitude of the relationship between accounting numbers, returns, and contemporary stock market prices (Karampinis & Hevas, 2011). Value relevance measurement uses a model developed by Collins et al. (1997), which investigated the earnings relevance and equity book value using the Ohlson valuation model that reveals stock prices as a function of earnings value and equity book value; thus, the greater the explanation power of earnings value and equity book value in asserting stock prices changes, the greater the value relevance. The model is presented below:

$$\text{Value Relevance} = \text{Adjusted } R^2, \quad (1)$$

Adjusted  $R^2$  is obtained from price equation (Collins et al., 1997; Gomes & Costa, 2022; Nijam & Jahfer, 2018; Outa et al., 2017; Ohlson, 1995; Temiz & Gulec, 2017):

$$P_{it} = \alpha_0 + \alpha_1 E_{it} + \alpha_2 BV_{it} + \varepsilon_{it}, \quad (2)$$

where  $P_{it}$  = price, which is the share price of  $I$  company three months after the end of the  $t$  period.  $E_{it}$  = earnings, which is earnings per share of  $I$  company at the end of  $t$  period.  $BV_{it}$  = book value, which is the book value per share of  $I$  company at the end of  $t$  period.  $\varepsilon_{it}$  = other information of  $I$  companies in Year  $t$  that have orthogonal value relevance to earnings and book value.

Adjusted  $R^2$ , according to Collins et al. (1997), assesses the explanatory strength of accounting figure information in the form of earnings value and book value to the company's market value, where the greater adjusted  $R^2$  indicates the greater value relevance. Adjusted  $R^2$  in Collins's research is calculated based on observations in the company's annual financial statements.

### 2.3. Data analysis

This study used the model developed by Collins et al. (1997) to test the value relevance of financial statements reported in Indonesia. Adjusted  $R^2$  assesses the explanatory strength of accounting figure information in the form of earnings value and book value to the company's market value, where the greater adjusted  $R^2$  indicates the greater value relevance. We compare the adjusted  $R^2$  resulting from the equation mentioned above between Indonesia and Malaysia.

## 3. RESULTS

### 3.1. Description of the sample

The population in this study is all conventional banks listed on the Indonesia Stock Exchange in the 2015–2024 period and on Bursa Malaysia from

2013 to 2022. Based on data obtained from the official website of each bank, the description of the sample is presented in Table 1.

### 3.2. Descriptive statistics

The results of descriptive statistics of banks in Malaysia and Indonesia are presented in Table 2. There are two panels in Table 2: Panel A, which shows the results of descriptive statistics for the Indonesian banking sector, and Panel B, which presents the data for the Malaysian banking sector. Earnings per share and book value per share decreased after the adoption of IFRS 9; meanwhile, share prices have a higher value after IFRS 9 adoption. All variables, such as earnings per share, book value per share, and share price, have a higher standard deviation compared to the mean before or after the adoption of IFRS 9. This indicates that earnings per share, book value per share, and share price have large data distributions for Indonesian banking.

Furthermore, panel B presents descriptive statistics of banks in Malaysia. Similar to banking in Indonesia, banking in Malaysia also experienced a decline in Earnings per share after the adoption of IFRS 9. Meanwhile, book value per share and share price have increased after implementing IFRS 9.

**Table 1.** Description of the sample

No.	Indonesia		Malaysia	
	Sample Criteria	Total	Sample Criteria	Total
1.	Bank Listed	47	Bank Listed	10
2	Islamic Bank	(4)	Islamic Bank	–
3.	Become a subsidiary of another listed bank	(1)	Become a subsidiary of another listed bank	–
4.	Become a non-listed bank	(1)	Become a non-listed bank	–
3.	Incomplete data	(4)	Incomplete Date	(1)
	Sample Total	37	Sample Total	9
	Firm-year Observations (5 years for each period: before and after IFRS implementation)	370	Firm-year Observations (5 years for each: before and after IFRS implementation)	90

**Table 2.** Descriptive statistics

Variables	Before IFRS 9 Adoption					After IFRS 9 Adoption				
	N	Min	Max	Mean	StdDev	N	Min	Max	Mean	StdDev
<b>Panel A: Banks in Indonesia</b>										
E	185	(93)	1.14	122	320	185	(133)	1.12	105	222
BV	185	8	6.48	1.10	1.49	185	31	6.80	1.21	1.65
P	185	50	9.5	1.58	2.15	185	50	13.98	1.97	2.50
<b>Panel B: Banks in Malaysia</b>										
E	45	0.24	1.25	0.51	0.40	45	0.11	1.44	0.46	0.45
BV	45	0.00	5.10	1.79	1.20	45	0.00	5.08	2.78	1.64
P	45	2.20	20.64	7.41	5.10	45	1.84	24.76	7.85	6.65

In contrast to banks in Indonesia, which have a large data distribution for all variables, banks in Malaysia have relatively low data variability or homogeneity, which was indicated by low standard deviation compared to the mean for earnings per share, book value per share, and share price.

### 3.3. Variable correlation matrix

Diagnostic tests were undertaken prior to the regression analysis to establish the correlation between the variables under study. The results are shown in Table 3. A Pearson correlation matrix was used to explore the correlation between earnings, book value, and share price for banks in Indonesia and Malaysia. Panel A presents the variable correlation for banks in Indonesia, showing a strong correlation between earnings and share prices before and after the adoption of IFRS 9, at 0.65 and 0.74, respectively. Likewise, for book value with share prices, there is also a strong correlation between book value and share prices, namely, 0.66 and 0.70 before and after the adoption of IFRS 9. Furthermore, following the adoption of IFRS 9, empirical evidence has shown that the correlation between earnings and share price, as well as between book value and share price, has increased, indicating greater importance of the value of accounting information.

Panel B shows the correlation results for banks in Malaysia. Similarly, in Indonesia, for banks in Malaysia, it turns out that there is a strong correlation between earnings and share prices, namely 0.81 and 0.85 before and after the adoption of IFRS 9. Then, book value and share prices have a lower correlation, namely 0.33 before the adoption of IFRS and 0.44 after the adoption of IFRS

9. This indicates that earnings accounting information has a higher value relevance compared to book value accounting information, both before and after the adoption of IFRS 9. However, after the adoption of IFRS 9, it was empirically proven that there was an increase in correlation in the accounting information, such as earnings and book value, indicating an elevation in value relevance of accounting information.

### 3.4. Regression results

The results of value relevance before and after IFRS 9 adoption in Malaysia are presented in Table 4. Before the adoption of IFRS 9, earnings value and book value were relevant, with the significant values being 0.01 and 0.02. Meanwhile, after the adoption of IFRS 9, only the earnings value was relevant, with a significant value of 0.00. This indicates that after IFRS 9 adoption, investors pay more attention to earnings value, which is considered to have more information content than book value. However, adjusted  $R^2$  before and after the adoption of IFRS was 0.54 and 0.72, respectively. This confirms that the independent variables in the multiple linear regression equation of value relevance (E and BV) provide 0.54 information required by users to forecast the price variable (P) in the period before IFRS 9 adoption and provide 0.72 after IFRS 9 adoption. After IFRS 9 adoption, this indicates that the adjusted  $R^2$  is greater than before adoption.

Furthermore, the value relevance of financial statements before and after IFRS 9 adoption in Indonesia is indicated in Table 5. The book value was relevant, with a significant value is 0.03. Meanwhile, after IFRS adoption, only the earnings

**Table 3.** Variable correlation matrix before and after IFRS 9 adoption

Variables	Before IFRS 9 Adoption			After IFRS 9 Adoption		
	P	E	BV	P	E	BV
<b>Panel A: Banks in Indonesia</b>						
P	1	0.67	0.66	1	0.74	0.63
E	0.65	1	0.38	0.74	1	0.47
BV	0.66	0.58	1	0.70	0.60	1
<b>Panel B: Banks in Malaysia</b>						
P	1	0.81	0.33	1	0.85	0.44
E	0.81	1	0.57	0.85	1	0.42
BV	0.33	0.57	1	0.44	0.22	1

**Table 4.** Results for banks in Malaysia

Variables	Before IFRS 9 Adoption		After IFRS 9 Adoption	
	Coeff (B)	p-value	Coeff (B)	p-value
E	2.16	0.00	1.99	0.00
BV	1.24	0.02	0.48	0.24
Prob (F Statistic)	0.0000(20.77)		0.0000(26.70)	
Adj R <sup>2</sup>	0.54		0.72	
N	45		45	

**Table 5.** Results for banks in Indonesia

Variables	Before IFRS 9 Adoption		After IFRS 9 Adoption	
	Coeff (B)	p-value	Coeff (B)	p-value
E	2.58	0.54	8.23	0.00
BV	0.37	0.03	0.66	0.21
Prob (F Statistic)	0.0000(35.99)		0.0000(41.25)	
Adj R <sup>2</sup>	0.38		0.42	
N	185		185	

value was relevant, which has a significant value is 0.00. This shows that after IFRS 9 adoption, most investors place more emphasis on earnings value and consider it more useful than information on book value. This happened because IFRS 9 requires banks to use the ECL method in estimating the amount of loan loss provision, which has an impact on reducing income.

## 4. DISCUSSION

The empirical study of value relevance after IFRS 9 adoption indicates an increase in adjusted R<sup>2</sup> in Malaysia. This finding proved that accounting figures in the financial statements reflected in the earning value and book value have increased the information content in explaining variations in stock market prices compared to the period before IFRS 9 adoption. These findings prove that investors react and respond more to financial statements issued after the implementation of IFRS 9. This finding is also supported by the results of the correlation matrix test, which shows an increase in the correlation between earnings and share prices in the periods before and after the implementation of IFRS, namely 0.81 and 0.85, respectively.

Previous related research on the implementation of IFRS found the same results. A study for banking in Malaysia conducted by Kadri et al. (2009) found that the adoption of IFRS in general provided more value relevance in the financial figures

than before IFRS implementation. The findings are also relevant to the related study for banking in Malaysia performed by Marzuki et al. (2021), who indicated that IFRS 9 strengthens IAS 39 in terms of recognition, relevance, and the reliability of financial statements.

In Indonesia, the adjusted R<sup>2</sup> is higher after the adoption of IFRS 9 compared to before its adoption. This empirical study proved that accounting figures in the financial statements reflected in the earning value and book value in the period after IFRS 9 adoption have an increase in information content and in explaining variations in stock market prices compared to the period before IFRS 9 adoption. This empirical evidence is also supported by the results of the correlation matrix test. The results show that the correlation between income and stock prices has increased from 0.66 before the adoption of IFRS 9 to 0.70 after the adoption.

These findings differ from previous studies. A study by Anggraita et al. (2020), who analyzed the value relevance of IFRS overall adoption among Indonesian banks, mentioned that the adoption of IAS 39 exerts a lesser influence on the relevance of accounting information. Another study conducted by Firmansyah et al. (2023), which used only one-year period secondary data, argued that the adoption of IFRS 9 provided more value relevance of financial reporting.

The adjusted R<sup>2</sup> before and after IFRS 9 adoption

for both countries increased. However, banking in Malaysia experienced a higher or more significant increase in adjusted  $R^2$ , namely from 54% to 72% compared to Indonesia, namely from 38% to 42%. This shows that it has been empirically proven that the adoption of IFRS 9 increased the value relevance of financial reporting. This is due to the characteristics of IFRS, which apply fair value and professional judgment, requiring more disclosure, especially regarding asset measurement. The use of the ECL method in IFRS 9, which requires immediate recognition of credit losses, provides a solution to the weakness of the incurred loss method in IAS 39, which delays credit recognition until payment failure occurs. Thus, the adoption of IFRS 9 further increases the information content of financial reports submitted to users. Ozili and Outa (2018) also argue that IFRS provides higher accounting quality compared to previous accounting standards.

Although the value relevance of banking financial reporting in Indonesia and Malaysia both experienced an increase after the adoption of IFRS; however, the increase in value relevance for

banks in Malaysia was higher compared to that of Indonesia. These results were beyond our expectations, namely that the delay in IFRS adoption apparently had a different impact on increasing value relevance after the adoption of IFRS 9 for banks in Indonesia. Investors or the market in Indonesia apparently reacted when there was a disclosure of plans to implement IFRS 9 in financial reports before its adoption, namely in 2017 to 2019. As a consequence, at the time of implementing IFRS 9 in 2020, investors or the market had not really responded to it and seemed to understand the impact of IFRS 9 on financial statements. Therefore, delaying or immediately implementing the new IFRS has been empirically proven to have a different impact on investors, namely responding or reacting when the postponement of the new IFRS is disclosed, not when the new IFRS is implemented. Investors are proven to respond or react when the announcement of the delay of the new IFRS is revealed and disclosed in financial statements, not when the new IFRS is implemented. As a consequence, policies for the adoption of new IFRS must be within the same time or year as other countries.

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## CONCLUSION

This study aims to examine the effect of IFRS 9 adoption on the value relevance of banking financial statements in two countries: Indonesia and Malaysia. This research also compares and discusses whether the delay in implementing IFRS 9 in Indonesia increases the value relevance of accounting information compared to Malaysia, which adopted it directly. This study has demonstrated that the adoption of IFRS 9 has increased the value relevance of financial reporting in both countries: Indonesia and Malaysia. However, the increase in value relevance for banks in Malaysia was higher compared to Indonesia. These results were beyond our expectations, as the delay in IFRS 9 adoption in Indonesia apparently had no impact on increasing value relevance after the adoption. Investors or the market in Indonesia apparently reacted when there was a disclosure of plans to implement IFRS 9 in financial reports before its adoption, namely from 2015 to 2019. Hence, at the time of implementing IFRS 9 in 2020, investors or the market had not really responded to it and seemed to understand the impact of IFRS 9 on financial statements. Consequently, postponing or immediately adopting the new IFRS has been empirically proven to have a different impact in terms of investors' behavior. They respond or react when the plan to postpone the new IFRS was disclosed in financial statements, not at the time the new IFRS was implemented. Therefore, policies for implementing new IFRS or accounting standards must be carried out within the same time or year as other countries.

For practical contributions, the accounting standards setters, such as the Institute of Indonesian Chartered Accountants, should take a policy of immediate adoption for new IFRS-based financial accounting standards. The reason is that from the investors' point of view, the accounting information has different value relevance or provides different information content, which was based on the timing of the new IFRS adoption.

For further research, it is recommended to expand this study to other research objects, such as non-banking institutions or non-financial institutions, to find out whether they have the same impact. It is also recommended to extend a longer time period when more data are available. In addition, it could also be conducted using data from other countries as a comparison to assess whether the outcome applies to other jurisdictions.

## **INFORMED CONSENT STATEMENT**

This paper used all published data that do not contain any identifiable private information. Informed consent was obtained from all participants personally involved in this research. This academic research has a high objective and validity analysis.

## **DISCLOSURE OF POTENTIAL CONFLICT OF INTEREST**

All authors declare that there are no conflicts of interest to declare relevant to this article's content, where the authors are in an independent position. We are academic researchers at our university. The authors reported no potential competing interests.

## **DISCLOSURE OF HUMAN PARTICIPANTS**

This study does not involve the use of animals, but human participation is necessary to collect a large amount of data and literature.

## **FUNDING**

This research has no funding affiliation and therefore represents an independent analysis.

## **COMPLIANCE WITH ETHICAL STANDARDS**

By addressing the guidance from the regulator of accounting standards in Indonesia, there is no need for approval from any institution because of the following research in academic topics. Based on the professional code of the Institute of Indonesia Chartered Accountants (IAI) and IAPI (Indonesia's regulator in auditing standards), this paper has been conducted consistently with ethical principles. The authors state that the structure of writing this paper has carried out the professional ethics at a high level.

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