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1. Introduction

This book deals with new perspectives on banking, financial statements, and reporting. The introductory chapter focuses on the following overviews regarding accounting and finance, and it gives the target audience the opportunity to be familiar with recent developments in accounting and finance.

2. Accounting overview

Accounting is an information that collects financial data from the operations of a business entity to create financial statements which consist of an integral part of financial communication so that related parties are informed about the financial situation, financial performance, and cash flows of a business. In recent years, financial reporting side of accounting became very important rather than traditional bookkeeping side of accounting. Within the framework of transparency and accountability concepts of corporate governance, countries started to integrate International Financial Reporting Standards (IFRS) into their regulations so that publicly accountable entities can prepare understandable, reliable, transparent, comparative financial statements particularly to investors and creditors in the global context. In addition, some countries started to adopt “think small first approach” in terms of nonpublicly accountable entities focusing on financial reporting based on the size of a business enterprise. That is why either they adopted International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) or they prepared a new financial reporting standard under the influence of international practices and national accounting rules by considering some exemptions in order not to create additional reporting costs for small and micro-sized entities [1]. Even if this is the case, there are still some countries that continue to use their national GAAP.

On the other hand, another reporting issue that complements financial reporting refers to corporate social responsibility (CSR) or sustainability reporting. Sustainability reporting gives (1) economics data, (2) environmental data, and (3) social data about a business entity [2]. Therefore, financial reporting data of a business enterprise is supported by other three aspects of a business so that related parties are informed about the business entity as a whole.

No matter which accounting practice is adopted by a business enterprise, financial statements create the basis and provide the necessary infrastructure so that investors and creditors can financially analyze the business entity using different scenarios such as financial development and survivorship under different accounting metrics.
3. Finance overview

Financial institutions are public or private organizations responsible for the supply of money in a marketplace. They do this by collecting money and investing in assets such as bank deposits, stock, bonds, and loans. Consequently, they act as an intermediary between savers and borrowers; they play a very important role in society. Financial institutions are not just commercial banks; they can also be national banks (e.g., Bank of England), brokerage firms, money services, insurance companies, and even casinos [3, 4].

The financial institutions are the most critical institutions in the world, since they play a very important role in society. Financial institutions are among the largest employers in many countries, and the development of a nation's economy is closely related to the performance of its financial institutions. The banking system among financial institutions has such a heavy responsibility that is considered as one of the most important parts of a country’s economy. The bank represents services, in which without them the economic system of a country would stop. The available capital in banks is the main resource of purchasing products and services; moreover, their donated loans are resources of credit for all units of the economy like families, occupations, companies, and government. Therefore, banks’ optimum activity and efficient use of their available facilities are important to help them to reach their goals. Appropriate allocation of capital and resources of different financial activities will ultimately conclude to the improvement of the whole economic situation of a country [5].

Threats and pressures of globalization and rapid development of non-bank credit and financial institutions in recent years have forced the managers of banks to establish research centers and launch research activities in their own status field to stay afloat in the market and compete with other financial institutions in domestic and international markets. In this respect, banks need to determine their weaknesses and strengths in the markets and improve productivity by finding a logical and efficient solution for their activities. A bank or financial institute would be successful in this competitive world if high efficiency can be obtained in its activity. The final goal of a bank is to reach the highest efficiency with the lowest cost. The cost phenomenon is one of the most important issues that will have an effect on the efficiency of banks. An economic project with high efficiency can be achieved when you get a better and economic result toward your goals with lower costs [6, 7].

4. Summary

In this respect, some concepts raise particularly for investors and creditors such as bankruptcy, efficiency of financial markets, transparency, accountability, financial information quality, and survivorship. The overall objective of this book is to discuss these concerns to help the investors, creditors, and the managers of financial institutions to better recognize and analyze particular financial problems and solve them successfully. Moreover, the main purpose of this book is to help the managers of the financial institutions and the users of accounting information, especially bank, investors, and creditors, to find the possible solution to improve the performance of firms and financial institutions.
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Author details
Reza Gharoie Ahangar1* and Can Öztürk2

1 G. Brint Ryan College of Business, University of North Texas, USA
2 Faculty of Economics and Administrative Sciences, Department of Management, Cankaya University, Turkey

*Address all correspondence to: rg0381@unt.edu

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