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THE INTEGRATED REPORTING OF BANKS: PROBLEMS AND ADVANTAGES OF TRANSITION

Transition to socially and responsible mission of a bank, where not only accumulation of means and their transformation into bank resources, but also their social and responsible placement into projects in which ecological and social risks are minimized is based on a bank activity, asks for new approaches in formation of bank reporting. Underestimation of bank risks and absence of non-bank risk assessment in bank financial statements leads to distortion of sustainable development of bank and banking system as a whole. The theory of uniform complex reporting has been discussed by financiers of large foreign corporations, representatives from auditor companies, bankers and also in the academic circles since 2002. This necessity was caused by globalization of financial markets, limitation of resources and need of reporting optimization to make a bank or a company appealing for potential investors. The Association of Chartered Certified Accountants (ACCA) and the International Integrated Reporting Committee (IIRC), created in 2010 were the initiators in uniting of all people to whom it may concern. To coordinate the activity of financial experts from all over the world who study and develop the integrated reporting, the IIRC presented the pilot document 'Towards Integrated Reporting' for general discussion in September, 2011. Its purpose is to involve in discussion all concerned people (scientists, potential reporters and users of the integrated reporting), to receive external remarks and recommendations, to coordinate the creation of a uniform reporting standard, its approbation in pilot banks and companies, implementation performance (volume, economy segments and terms). Following the discussion and the results of the first pilot work with the document of world-wide banks and corporations (over 60 participants) the first standard of the integrated reporting should appear till the end of 2012. Banks that officially declared the participation in the pilot program are the HSBC (Great Britain), the BBVA (Spain), the National Australia Bank Limited (Australia), the Vancity (Canada). Among large world corporations are the Microsoft Corporation (USA), the Danone (France), the Volvo Group (Sweden), the Rosneft (Russia), etc. Among Ukrainian companies that declared the pilot formation of the integrated reporting there are the DTEK, the Metinvest, the SKM and the Obolon. Ukrainian banks are not presented in this list.

After having studied the main problems of transition of pilot banks and companies to the integrated reporting it is possible to introduce six points. *Firstly*, this is a lack of strategic and system approach to formation of cor-

porate social responsibility in banks and corporations. Reporting forms are developed individually depending on requirements of owners or potential investors. Amount of these reporting is huge, list of forms is supplementing and changing all the time. *Secondly*, corporate social responsibility is a voluntary obligation of the subject of the reporting. That's why companies which deals with ecological and social risks and also banks which finance their projects avoid reporting. *Thirdly*, there is no unified state regulator that would accord reporting forms with its potential originators and users. *Fourthly*, the non-financial corporate reporting demands additional labor and financial resources for its development and drawing up. So very few bank institutions and companies can afford it. *Fifthly*, there is a problem of reduction of non-financial indicators of the reporting to the general financial denominator therefore these days an active polemic of experts in this question is conducted. *Sixthly*, the development of the system of special indicators for an assessment of a sustainable development of bank or corporation is required. It can be the non-financial kovenants characterizing the degree of risk in all directions of a sustainable development.

Having analyzed the advantages of transition to the integrated reporting, it is possible to distinguish five aspects. *Firstly*, the inclusion of non-financial parameters in the reporting will allow improving the quality of information and will give the chance to reflect the influence on environment and society of a company and a bank that finance this project. *Secondly*, the integrated reporting of a company and a bank will encourage the financing of non-polluting and energy saving projects, and companies will rationally use limited natural, human and financial resources. *Thirdly*, owing to the integrated reporting distribution of limited resources in the world will occur more effectively. *Fourthly*, the integrated reporting will give the chance to estimate the viability of business process of a bank or a company and its strategy in long-term prospect. All indicators of the subject will be agreed with the condition of resource markets, their dynamics and indicators of their activity. Risks and advantages of the subject will be considered, including social and ecological factors. *Fifthly*, the full disclosure and transparency of a company or a bank, their ethical behavior in relation to society, ecology and economy will involve potential investors during the post-crisis period.