Accounting Value Relevance Analysis on IFRS Convergence in Stages at Banking Company Registered in Indonesia Stock Exchange

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Abstract. This study aims to analyze the impact of the IFRS convergence policy in stages on the relevance of accounting values and trends in the banking industry listed on the Indonesia Stock Exchange. Data were taken for empirical analysis which is divided into four stages of research in 2010-2011, 2012-2013, 2015-2016, and 2018-2019. To examine the impact of IFRS convergence on the value relevance of accounting, we use the regression equation with the returned model from Easton Harris (1991). The test results show that the impact of IFRS convergence policy against the value relevance of accounting in the first, two, and three stages of IFRS convergence has no significant effect, while the fourth phase of IFRS convergence policies shows a significant effect on the value relevance of accounting. The results of this study also indicate that there is an increasing trend of the relevance of accounting values at each stage of the IFRS convergence.

Keywords: Book to market ratio, Changes in earnings, Relevance of accounting value, IFRS, Return

1 Introduction

The era of globalization has encouraged the development of countries in international competition, especially for companies conducting cross-border business transactions. This situation causes the need for financial information and reporting that can be accessed globally in international business and creates harmony in financial reporting. To answer the existing conditions, the International Accounting Standards Board (IASB) in 2001 compiled an international financial reporting standard known as the International Financial Reporting Standards (IFRS).

Indonesia, in this case, the Indonesian Accounting Association (IAI), formulated an IFRS adoption policy in four stages, namely (1) 2008 to 2009 as the initial period of IFRS adoption, (2) 2010 to 2011 as an advanced stage of IFRS adoption, (3) 2012 as the first stage results adoption of IFRS, as well as (4) in 2015 as a result of the second phase of IFRS adoption.

The adoption of IFRS into PSAK is expected to be able to increase the comparability, transparency, and quality of the financial statements of entities in Indonesia which in turn will have an impact on increasing the value relevance at each stage of IFRS adoption. The

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increasing relevance of the value of accounting information has become an indicator of quality accounting information. The quality of accounting information will affect economic decisions by stakeholders and the content of information derived from accounting numbers is one of the main elements that must describe the actual circumstances of an entity's financial condition.

The results of IFRS research published in accredited journals over the past decade still show inconsistent results. Differences and quite a long debate have occurred regarding the impact of the convergence of IFRS on the value relevance of accounting information. This is shown in research conducted by [1] ; [2] where after the adoption of IFRS there was an increase in the value relevance of accounting information. Therefore, this study provides full support for IFRS adoption. In contrast to research conducted by [3]; [4]; and [5] show conflicting empirical evidence, namely that after the adoption of IFRS which is seen from the quality of accounting information, it shows that the value relevance of accounting information does not show significant results. Almost all research objects use samples from all types of industries. However, based on the statement [6], different impacts or reactions related to the convergence of IFRS and the relevance of accounting values will cause differences in each industry because it has its characteristics and uniqueness.

This study will investigate the impact of gradual convergence of the adoption of IFRS on the relevance of accounting values in the banking industry. The banking industry was chosen in this study because the banking industry is closely related to economic growth performance. This means that when the economy grows well, the banking sector will naturally grow in line with the development of business, industry, and trade in the real sector. This study is different from previous studies in analyzing the impact of IFRS adoption on the relevance of accounting value. The difference lies in the methodology of testing the relevance of accounting values. This study examines the relevance of accounting value at each stage of IFRS adoption. The next difference lies in the proxy of accounting value relevance. Previous research used the price model from [7] as a proxy for the relevance of accounting value, while this study used the return model. According to [8], the return model is more appropriate than the price model, because the return model pays more attention to econometric issues.

The objectives of this study include analyzing the impact of IFRS policies and convergence trends gradually on the relevance of accounting values. There are three benefits of this study. First, theoretical benefits, this research is expected to enrich the literature and knowledge regarding the impact of IFRS convergence on the relevance of accounting values, especially in the banking industry. Empirical Benefits. This research is expected to be able to complete empirical evidence about the impact of IFRS convergence on the relevance of accounting values in the banking industry. Practical Benefits, this research is expected to provide input and suggestions to standard makers on the convergence policy of PSAK to IFRS so that it can be used as evaluation material. Another practical benefit is as an assessment material for investors and capital market players regarding the quality and value relevance of accounting information in Indonesia after the gradual implementation of IFRS.

2 Literature Review

2.1 Theoretical Background

This research is based on regulatory theory and signaling theory. [9] state that theorists argue that if regulation emerges as a response to a crisis that cannot be identified, thus what drives regulatory policy to emerge is because of a crisis in standard setting. Accounting standard-setting parties provide a policy to respond to demands for a policy or standard that is motivated by an emerging crisis. This theory states that the rules made by the legislature aim to protect users of financial statements through increasing economic performance. IFRS is a global accounting standard that was created to be able to meet every need of its users through established regulations. The new accounting policies (IFRS) resulted in changes in standards and affected both the financial and nominal financial comparisons of accounting activities thus affecting accounting information as a whole [10]. Apart from that, this research is also based on signaling theory. According to [11], signaling theory is information published as an announcement that will provide a signal for investors in making investment decisions. Signal theory is based on the assumption that the information received by management with the parties having an interest in other information is not the same (information asymmetry). According to [12], managers need to provide Information by publishing financial reports as a signal to assist interested parties' decision-making. The values presented in the financial statements need to have a high level of relevance to provide a signal that describes the value of a company well. Changes in decision making will be reflected in the price and trading volume of shares.

2.2 IFRS convergence policy at each stage on the relevance of accounting value

The emergence of regulatory policies was driven by various crises in setting standards. Therefore, with the encouragement of an ongoing crisis, it raises a request for a policy or standard, and as a response, accounting standard setters, in this case, the interested parties, respond to this by providing a policy [13]. Regulatory theory in this study is used based on themes related to accounting standards, namely IFRS, with the existence of IFRS, has led to a policy of uniform financial reporting and the quality of accounting contained in each global financial report.

Based on the results of [3] research, it was found that fair value accounting leads to a value relevance that is greater than the book value of equity, income, and changes in earnings in explaining stock prices and stock returns. IFRS contributes to the improvement of accounting information and market value. Following the comparison of the problem results from the regression of the price model and the return model that the transition to IFRS increases the book value of equity, income, and changes in income for value relevance during the IFRS period for non-financial listed companies in European Listed Companies (Germany, France, and Belgium). [14]stated that the IFRS adoption policy affects the value relevance or relationship of earnings value, book value and stock prices in the regression models in 2007 and 2008 and regression models in 2012 and 2013 are not the same.

Efforts to adopt IFRS are expected to provide excellent results, not only increasing the value relevance of accounting information but also the confidence of standard setters. As one of the developing countries, Indonesia is included in the group of countries that adhere to the code law. [15] in their research found that countries adhering to code law have increased the value relevance of the IFRS convergence policy. On the other hand, when the common law country adopted the policy, the value relevance decreased. Thus, this study examines the impact of IFRS convergence at each stage of adoption on the relevance of accounting value.

H1: IFRS convergence policy in the first stage has a positive effect on the relevance of accounting value

H2: IFRS convergence policy in the second stage has a positive effect on the relevance of accounting value

H3: IFRS convergence policy in the third stage has a positive effect on the relevance of accounting value

H4: IFRS convergence policy in the fourth stage has a positive effect on the relevance of accounting value

2.3 The trend of accounting value relevance at each stage of the application of IFRS Convergence

In presenting financial statements, IFRS with a principle-based approach and fair value measurement is considered to have a positive impact on the value relevance of accounting information. The application of IFRS can be useful to harmonize accounting practices, lower transaction costs, and be able to increase international investment, and benefit the effectiveness of communication with investors. The accuracy of financial analysis also improves after an entity adopts these international accounting standards. The increase in accuracy is due to IFRS requiring more detailed disclosures of financial conditions than local accounting standards that have been adjusted to global needs and conditions. This is in line with the objectives of IFRS, namely, to ensure that the company's internal financial statements for the periods referred to in the annual financial statements contain transparent and high- quality information, so that shareholders do not make mistakes in making decisions.

Fair value measurement is able to increase investor confidence in the value of earnings in valuing companies so that it will also increase the effect of changes in the relevance of accounting value. However, this increase is predicted to react optimally in its initial period in the first few years after the good news of the full convergence implementation of IFRS is informed. This is in accordance with the signaling theory where the market will react quickly and precisely to the information provided, be it good news or bad news. [16] investigates the value relevance of accounting information under the IFRS transition in Indonesia from 1994 to 2009. He finds that the value relevance of the book value of earnings and equity is higher in the period of IAS / IFRS adoption which is significant than in the small period IAS / IFRS adoption. The results proved that value relevance increased after the adoption of IFRS. Thus, the authors formulate the following hypothesis:

H5: The trend of accounting value relevance increases at each stage of the application of IFRS convergence

3 Methodology and Data Analysis

The research population is the banking industry which is listed on the Indonesia Stock Exchange. Researchers used purposive sampling, which is a technique used in determining the selected sample based on certain criteria and based on certain considerations that are tailored to the research objectives. By considering data availability and obtaining a balanced time observation, the researcher divides the four research periods, namely the IFRS convergence process (2010-2011), the results of the first stage of IFRS convergence (2012-2013), the results of the second stage of IFRS convergence (2015-2016) and the third stage of IFRS convergence (2018-2019).

Table 3.1 Research Data

Information	Total
The number of all banking companies listed on the IDX	48
Banking companies listed before 2010	26
Incomplete data	8
Company Samples	18
Research Period: 4 stages Each Stage	**36**

Based on the results of observations made regarding the sample selection criteria, the sample data that passed the test were 18 companies from 26 companies. The details of this research data can be seen in Table 3.1. Based on the hypothesis that has been built in the explanation in the previous chapter. The value relevance is measured by looking at the sig of F test and the adjusted R2 value from the regression of the following equation:

$$Rit = ß0 + ß1\ \Delta EPSit + ß2\ BM\ it + eit$$

Rit is the stock return of company i in year t, which is measured by the ratio ((Pit - Pi (t-1)) / (Pi (t-1)); ΔEPS it is the change in earnings per share of the company in year t, which is measured with the ratio ((EPSit - EPSi (t-1)) / (Pi (t-1)); BM it is the book to market ratio of the company in year t, which is measured by the ratio (BV / MV) and e it is the error term.

The main variable of this research is value relevance. The value relevance in this study is measured using the return model from [17] where it is assumed that the return on company shares is explained by changes in net income per share and book to market ratio. The dependent variable is stock returns.

4 Research Results and Discussion

4.1. IFRS convergence policy in stage effect on the relevance of accounting value

Hypothesis testing at each stage of the IFRS convergence of this research data uses the F test. The test results are presented in Table 4.2 which shows that the hypotheses of one to three studies are not supported with a sig value greater than 0.05. While the fourth hypothesis in this study is supported by a sig value of less than 0.05. The results of the four-stage IFRS convergence F test show the sig probability in each stage of 0.300 at the IFRS convergence stage (2010-2011), 0.097 in the results of the IFRS stage 1 (2012-2013), 0.079 in the results of the second stage of IFRS convergence (2015-2016), and 0.001 in the convergence stage three process (2018-2019). Based on the statistical results, it can be explained that the variables ΔEPS and BM simultaneously have no effect on stock returns in the first, second, and third stages of IFRS convergence. Whereas in stage four of the IFRS convergence, the variables ΔEPS and BM together have an effect on stock returns.

Table 4.2 F Test of Multiple Regression Analysis

Sum of Model Squares			F	Sig.	Conclusion
Stage 1 2010-2011	Regression	0,574	1,247	0,300[b]	Not significant, H1 is rejected
Stage 2 2012-2013	Regression	0,240	2,511	0,097[b]	Not significant, H2 is rejected
Stage 3 2015-2016	Regression	0,601	2,739	0,079[b]	Not significant, H3 is rejected
Stage 4 2018-2019	Regression	1,081	9,243	0,001[b]	Significant, H4 accepted

Based on the results of statistical testing, it shows that in the IFRS convergence process in 2010-2011 (H1) the IFRS convergence policy in the first stage has no effect on the relevance of accounting values with a sig value of 0.300 (greater than 0.05). This means that statistically the variable changes in accounting earnings and book value on market value together have no effect on company stock returns, so H1 is not supported.

At this stage, the IFRS convergence process policy was taken so that Indonesian banks could be recognized globally to be able to compete and attract investors, with the repeal of PSAK No. 31 on banking accounting since January 1, 2010. Researchers see IFRS convergence for countries with code law traditions such as Indonesia. The model of the financial system and institutional environment is less suitable when compared to common law countries such as England, Australia, and Canada, which causes insignificant improvement in the quality of accounting information after IFRS adoption. Countries in the code law cluster generally have a more dominant banking function than the capital market in meeting corporate funding needs. State accounting standards in the code law cluster are also prepared by regulatory agencies controlled by the state through detailed legislation to achieve uniformity. These various characteristics of the institutional environment cause the need for public disclosure to be less important in code law countries than in common law [18]. Where this can hinder the purpose of IFRS adoption to improve the quality of accounting information. In addition, banks in Indonesia are deemed not ready to adjust to policy changes quickly due to banking financial reports that previously used historical cost accounting.

This research is not in line with regulatory theory and signal theory. Where, regulatory theory states that experts argue that if regulation emerges as a response to a crisis that cannot be identified, then the thing that drives regulatory policy to emerge is because of a crisis in standard setting. Meanwhile, the signal theory states that information published as an announcement will provide a signal for investors in making investment decisions. However, in this study the policies made by regulators do not provide a signal that investors directly respond to in making their decisions. Researchers suspect this influence can be caused by the existence of more powerful variables and theories such as macroeconomics. Where, in 2008 there was a subprime phenomenon in the US that triggered systematic risk and a financial sector crisis for stock market value which then experienced a drastic decline in 2009 and had an impact on the world economy in many countries, including Indonesia.

The results of this study also support [18] argument that in code law countries (including Indonesia), with the characteristics of the institutional environment such as weak investor protection, lack of law enforcement, concentrated ownership, and banking- oriented funding, the adoption of IFRS may not necessarily increase the value relevance of accounting information.

Based on the calculation of statistical tests on the results of stage one convergence process of IFRS 2012-2013, the sig value is 0.097 (greater than 0.05) so it can be concluded that changes in accounting profit and book value on market value together have no effect on stock returns company, so H2 is not supported.

At this stage the policy taken is the application of PSAK 50 and PSAK 55, which are accounting standards that refer to IAS 39 and IAS 32 concerning financial instruments. It is hoped that this standard setting will encourage a harmonized process of financial statement preparation and analysis which will have a significant impact on banking financial reports due to changes in the way of recognition and measurement. However, based on research by [19] the average CAR of companies tends to decrease after the implementation of IFRS, one of which is the result of the application of PSAK 16, 50, and 55. The application of PSAK 16 causes an increase in asset value followed by an increase in depreciation costs. This causes the company's profit which is one of the composition of capital to decrease. The adoption of PSAK 50 and PSAK 55 also had a major impact on banking entities. The main impact of the application of this standard is in the provision of non-performing loans, where the emphasis is on objectivity in determining Allowance for Impairment Losses (CKPN) for loans, which must be based on historical data for the past three years, as well as the necessity of valuing individual debtors. This standard is a very complex accounting standard, especially for banking entities.

This research is not in line with regulatory theory and signal theory. This condition proves that investors do not use information on changes in net income per share and book value per market value of the company in making decisions related to signaling theory which explains that indirect signals are closely related to the total value of equity that is maintained, dividend policy, and accounting policy selection chosen by investors in making decisions during the IFRS convergence period. The researcher also suspects that the implementation of the results of stage one of the IFRS convergence policy amidst crisis conditions due to tight liquidity, proves that the economic crisis that occurred in that period, 2012 to 2013, was one of the external factors affecting investment decisions made by investors, where investment decisions were made. During this period, the economic crisis in Europe and the United States was largely affected, such as the taper tantrum, which also affected the depreciating value of the rupiah and the decline in national economic growth.

This result is in line with the research of [20] which examines the adoption of IFRS with the value relevance of accounting information which shows that there is no difference in the value relevance of accounting information between the periods before and after the application of IFRS, the same thing happened in the first stage of IFRS convergence research. PSAK where there is no simultaneous relationship between independent and dependent variables for the relevance of accounting value.

Based on the calculation of statistical tests on the results of the second stage of IFRS convergence in 2015-2016, the sig value is 0.079 (greater than 0.05) so that it can be concluded that changes in accounting profit and book value on market value together have no effect on company stock returns, so H3 is not supported.

In the results of the second stage of IFRS convergence, for banking entities that have gone public, applying PSAK 60 in financial statements is a must in order to provide information for readers of financial statements. This PSAK is the latest version of PSAK which regulates the disclosure requirements in financial statements for financial instruments that were previously regulated in PSAK 50. PSAK 60 was adopted from IFRS 7 which became effective since January 1, 2015. The results of this study indicate that there is no significant effect on accounting value relevance is most likely caused by the level of disclosure of financial instruments that is not too different from one company to another that is the sample of this study. This is possible because usually the banking sector in Indonesia is the sector that is the earliest to implement standard changes and is usually mandatory. The difference that occurs is only because the company concerned has no exposure to the items that must be disclosed, not because they do not want to disclose. This is why there is not too much difference between the companies in the sample which results in the market not responding to the small variations in disclosure of financial instruments of the banking companies that are the samples in this study.

This research is not in line with regulatory theory and signal theory. Where the regulatory theory emerged due to a crisis in standard setting, however, the policies made by regulators did not provide a signal that investors directly responded to in making decisions on the results of phase two of IFRS convergence on this PSAK. The test results on this model are in line with the research results of [21] and [22] where the test results show that the results of full IFRS adoption have no effect on the value relevance of accounting information.

Based on the calculation of statistical tests in the stage three process of IFRS convergence in 2018-2019, the sig value is 0.001 (less than 0.05) so that it can be concluded that changes in accounting profit and book value on market value jointly affect the company's stock returns so that H4 is supported.

The three-stage IFRS convergence process policy is related to the plan to implement new accounting standards by the Financial Accounting Standards Board (DSAK) and the Indonesian Institute of Accountants (IAI), one of which is PSAK 71. This new accounting standard adopts IFRS 9. Broadly speaking, the DSAK is indeed has issued this latest financial accounting standard for a long time but will only be effective in 2020. With PSAK 71, banks are required to make a larger Allowance for Earning Asset Losses (PPAP) compared to previously using PSAK 50, 55, and 60 which were effective in effect since 1 January 2015. The advantage of the expected loss approach imposed by PSAK 71 is that it prevents banks from allocating pro-cyclical credit loss provisions. Procyclical occurs when banks increase their provision for credit losses during a downturn and reduce them when the economy improves. When the economy improves, a large proportion of the loan portfolio can be collected smoothly and banks reduce their provision for credit losses. This study also proves that the IFRS implementation policy at an advanced stage has an effect on the relevance of accounting value. These results indicate that the implementation of more IFRS-based PSAKs has been perceived by investors as an increase in the quality of financial reports, particularly the quality of the book value of equity and earnings.

The results of this study are in line with regulatory theory and signal theory where the policies made by regulators are responded directly and positively by investors. This condition proves that the level of investor confidence in the company has increased again and uses information on changes in net income per share and book value per market value of the company in making decisions which are also influenced by positive economic growth and increasing economic conditions in Indonesia. The results of this stage test are in line with the research of [23] and [14] where the results of their research found that the value relevance of accounting information has an effect after changes or accounting standard policies. This can provide evidence that IFRS adoption can increase the value relevance of accounting information for adopting countries.

4.2 The trend of accounting value relevance at each stage of the application of IFRS Convergence

Hypothesis testing to see the trend of the relevance of the accounting value on the convergence of IFRS gradually on the data of this study uses the coefficient of determination test seen through the adjusted R2 value. The test results are presented in Table 4.3 showing that the trend of the relevance of accounting value increases at each stage of the IFRS convergence. Where the value of the adjusted R2 in the 2010-2011 IFRS convergence period (0.014), the results of the first stage of convergence of the 2012-2013 IFRS (0.079), the results of the second stage of convergence of IFRS 2015-2016 (0.090), and the convergence process of the third stage of IFRS 2018-2019 (0.320). This means that at the four stages of the convergence period, 1.4%, 7.9%, 9%, and 32%, the variation in stock returns can be explained by the variation of the two independent variables ΔEPS and BM. While the rest is explained by reasons other than the model.

Table 4.3 Results of Determination Coefficient Testing

Regression Model	Hypothesis	R^2	Adjusted R^2	Conclusion
IFRS Convergence Process (2010-2011)	Increasing the Relevance of Accounting Value in Each Convergence Stage	0,070	0,014	There is a Trend of Increasing the Relevance of Accounting Value, H5 Accepted
IFRS Phase 1 Results (2012-2013)		0,132	0,079	
IFRS Phase 2 Results (2015-2016)		0,142	0,090	
IFRS Phase 3 process (2018-2019)		0,359	0,320	

Based on the results of statistical tests to see the trend of the relevance of accounting values at each stage of the application of IFRS convergence, it is indicated by the adjusted R2 value obtained from the regression results, where if the adjusted R2 value increases, the quality of accounting information increases due to the IFRS convergence process. In this test, the researcher proves that the relevance of the accounting value of financial statement elements increases at each stage of the IFRS convergence from time to time so that H5 in this study is supported.

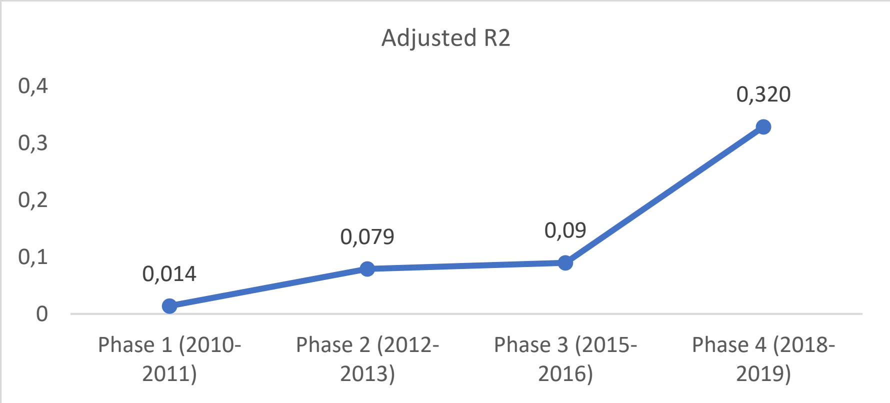

Fig. 4.1 Trend Determination Coefficient

The illustration shown in Figure 4.1 shows that the value relevance of information from financial statement elements increases from year to year, although in the first three stages the increase tends to be insignificant, but in the fourth stage there is a significant change in value. The value relevance of the elements of financial statements in 2010-2011 as the preparation period for IFRS convergence is 0.014 or 1.4% for the value of stock returns. The value relevance for return of 1.4% indicates that there is an influence of the global economic crisis that occurred in 2008 to 2009 which made the company's financial condition worse. After the global economic crisis in Europe in 2012 the value relevance of successively increased up to 2016. In the 2012-2013 research period as a result of the first stage of IFRS convergence on PSAK the value relevance of accounting information was 0.079 or 7.9% for the value of stock returns. In 2015, although the national economic growth was at its lowest point at 4.9%, the effect of the results of the second stage of IFRS convergence on PSAK showed the value of accounting relevance of 0.090 or 9% for stock returns. In the third stage of the IFRS convergence process for the 2018-2019 period, there was a significant increase in value relevance when compared to the trend in the previous stage, Indonesia's economic growth which increased by 5% from the previous period in 2017, is directly proportional to the relevance of accounting value for stock returns of 0.320 or 32%.

The value relevance of accounting information at each stage of the IFRS convergence as a whole has increased from year to year. Based on the adjusted R2 value of the elements of financial statements, the trend of financial statement analysis at each stage of IFRS convergence can be concluded that the H5 statement which states that the trend of the relevance of accounting values for stock returns at each stage of IFRS convergence increases over time is empirically supported. These findings are consistent with the results of previous studies conducted by [16]; [24]; [23]; [14]; [1]; and [2] by stating that IFRS adoption can increase the value relevance of accounting information. The higher the level of IFRS adoption, it will have an impact on the high value relevance of accounting information, because IFRS adoption is influenced by an increase in disclosure which causes the information presented to be more relevant and accountable.

5 Implications and Suggestion for Future Research

This study aims to prove whether the IFRS convergence policy affects the relevance of accounting value by measuring the significance of the F test and how the trend of accounting value relevance by measuring the value of Adjusted R2 is obtained from the regression results between stock returns and changes in net income per share and book market value per value obtained on the financial statements at each stage of the IFRS convergence. Based on the results of the research that has been done, this research can be concluded as follows. First, testing the impact of the IFRS convergence policy on the relevance of accounting value on the 2010-2011 (H1) IFRS convergence process, the results of the 2012-2013 IFRS convergence stage one, and the 2015-2016 IFRS convergence stage two results (H3) indicate that the convergence policy IFRS does not have a significant effect on the relevance of accounting value, so this research hypothesis is not supported. Second, testing the impact of the IFRS convergence policy on the relevance of accounting value in the stage three process of the 2018-2019 IFRS convergence (H4) shows that the IFRS convergence policy affects the relevance of accounting value with a sig value of 0.001 so that this research hypothesis is supported. Third, testing the trend of the relevance of accounting values at each stage of the application of IFRS convergence (H5), the results of this study indicate that there is an increasing trend in the relevance of accounting value at each stage of IFRS convergence in the preparation period for IFRS convergence 2010-2011, results of stage one IFRS 2012-2013, results second stage IFRS 2015-2016, and the convergence process stage three IFRS 2018-2019 with an adjusted R2 value of (0.014), (0.079), (0.09), and (0.32).

This study has several limitations in the research process. First, the population in this study were 26 banking companies listed on the stock exchange before 2010, but not all companies published their financial reports, so there were only 18 companies that were sampled. Second, this research is only limited to one type of industry, namely banking, while there are several types of industries that are also affected by the convergence policy of IFRS on PSAK.

Based on these results, the researchers offer suggestions for the next researcher who wants to examine the value relevance of accounting information. First, can adding variables associated with the value relevance of accounting information and the application of IFRS as the cash flows, using other research approaches and models such as incremental association studies and Ohslon models (1995). Second, adding time to observations such as the period of Industrial PSAK in 2008-2009 in his research. Third, further research can expand the population of various corporate sectors apart from the banking sector, but other financial industries.

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