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Intellectual Capital Disclosures in Islami Bank Bangladesh: A Longitudinal Study (1983-2010)

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Abstract

In the context of significant erosion of trust in the conventional banking system caught in the last financial crisis Islamic banking and financing industry has emerged as an alternative form of banking and finance with strong growth potential in recent years. It can be argued that unique knowledge base in alternative banking is one of the competitive advantage of this type of institutions. Therefore, these banks are supposed to have significant intellectual capital. But how and why intellectual capital related information is disclosed in their corporate statements is not known to date. This is the first study which provides empirical evidence in this regard. For this purpose we have followed a longitudinal single case study design to examine the patterns and trends of Intellectual Capital Disclosures (ICD) over time in Islami Bank Bangladesh Limited (IBBL). We have undertaken a content analysis of ICD within the annual reports of IBBL from its inception (1983) to the current available year (2010). While most of the previous studies found external capital as the most popular category of ICD it has been found in this study that internal capital is the most dominant category of ICD in IBBL. We argue that this is due to the unique knowledge base (Sharia) and effective corporate governance regime in IBBL. We have also identified some interplay between ICD trend and changing political regimes.

Keywords

Islamic bank, Intellectual capital disclosure, Internal capital, External capital, Human capital, Bangladesh