THE POTENTIAL IMPACTS OF QUALITATIVE CHARACTERISTICS OF ACCOUNTING INFORMATION TOWARD THE FAIR VALUE ACCOUNTING PRINCIPLES: THE CASE OF AMMAN STOCK EXCHANGE, JORDAN

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Abstract— Theorists have argued that the recent standard-setting activities relating to fair value accounting has injected new life into questions, as to whether fair value provides important information for decision-making and if there are unplanned consequences on financial stability. Scholars have also indicated that, for the past two decades, fair value accounting, as a measuring tool for evaluating the liabilities and assets at estimates of their existing value, has been on the ascent. This indicates to a major exit from the conventional ways of keeping books at historical cost. The argument for fair value accounting has thus focused on arguing that it makes accounting information more relevant. However, historical cost accounting is persevered to be more conservative and reliable. This paper will provide an insight into the potential impacts of qualitative characteristics of accounting information, as it is used in the fair value accounting principles. The findings shall hold considerable importance in depicting the possible effects the standardized practices may have on the functioning of financial institutions and any broader macroeconomic effects. To accomplish the stated goals, referring to only secondary sources would have proven inadequate, as it would have restricted the literary contributions of the research. For instance, the study emphasizes the implications of practicing fair value accounting not only at the company level but also at the macroeconomic level, with the effective incorporation of qualitative attributes of accounting information. It therefore necessitates the review and study of economic behaviours and perceptions those guide the application of fair value accounting standards within organizations, such as in the case of Jordan. To address this particular need of the study, reference has been drawn from the financial companies of Jordan, listed in ASE.

Keywords— Fair Value Accounting; Financial Stability; Historical Cost; Qualitative Characteristics of Accounting Information; Macroeconomic Effects.