
Accounting Standards Advisory Forum

Date	July 2026
Project	Statement of Cash Flows and Related Matters
Topic	Approach to Financial Institutions
Contacts	Easton Bilsborough (ebilsborough@ifrs.org) Nick Barlow (nbarlow@ifrs.org) Aida Vatrenjak (avatrenjak@ifrs.org)

This paper has been prepared for discussion at a public meeting of the Accounting Standards Advisory Forum (ASAF). This paper does not represent the views of the International Accounting Standards Board (IASB) or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB *Update*.

Copyright © 2026 IFRS Foundation. All rights reserved.

Contents

	Slides
Purpose of the session	3
Summary of questions for ASAF members	4
Overview of initial research and activities to date	5–9
A. Improvements being explored in the project	10–18
Questions for ASAF members	19
B. Exemptions, presentation and disclosure requirements	20–25
Questions for ASAF members	26
C. Next steps	27–28
Question for ASAF members	29
Appendix—Summary of improvements being explored in the project	30–43

Purpose of the session

- The IASB technical staff will provide ASAF members with an overview of initial research and activities to date relating to the statement of cash flows for financial institutions
- The IASB technical staff will seek ASAF members' views on:
 1. Whether the expected benefits of the tentative improvements to cash flow information apply to financial institutions
 2. Possible exemptions from some or all of the requirements from presenting a statement of cash flows specific for financial institutions
 3. Possible presentation or supplementary disclosure requirements specific for financial institutions
- The IASB technical staff will also seek ASAF members' advice on any industry groups or other stakeholders to engage with during outreach on this topic
- Input received will be used by the staff to help plan future work for financial institutions and develop ideas for discussion with the IASB at a future meeting

Summary of questions for ASAF members

Improvements being explored in the project (slides 10–19)

Do you agree with the staff's initial analysis of the applicability of the improvements for financial institutions and how they might be considered in the future?

Do you have any suggestions of possible adaptations for financial institutions relating to:

- the disclosure of changes in liabilities from financing activities (see Slide 17); and
- the disclosure of non-cash changes in working capital assets and liabilities (see Slide 18)?

Exemptions, presentation and disclosure requirements (slides 20–26)

To help the IASB consider next steps, which of the approaches in slides 22–24 would be most beneficial or challenging in your jurisdiction?

For each approach in slides 22–24, do you have:

- Any suggestions about how to address or reduce the identified risks and challenges?
- Any suggestions or concerns about scoping an exemption or requirement (for example, regulation or legislation specific to your jurisdiction)?

Next steps (slides 27–29)

Do you have any advice on industry groups or other stakeholders we should speak to as we carry out outreach on this topic during Q3 of 2026?

A. Overview of initial research and activities to date



Research on financial institutions to date

- The IASB started a project on Statement of Cash Flows and Related Matters based on feedback from the Third Agenda Consultation
- The IASB began the project with initial research to gather evidence on the nature and extent of perceived deficiencies in current reporting and the likely benefits of developing new financial reporting requirements
- The IASB conducted the following activities related specifically to financial institutions:
 - > Discussions with individual and groups of investors and preparers of financial statements of financial institutions
 - > Review of publications by national standard setters, including:
 - Canadian Accounting Standards Board (AcSB)
 - European Financial Reporting Advisory Group (EFRAG)
 - UK Endorsement Board (UKEB)
 - > Review of sample of financial statements of financial institutions
 - > Review of academic literature

Initial research findings

Statement of cash flows has limited usefulness for financial institutions

Most said the statement of cash flows has limited usefulness and useful information is mostly related to financing activities. Investors focussed on capital, constraints on capital and selected data points (for example: dividend payments, capital raised, buybacks, options exercised), while preparers manage through regulatory liquidity and solvency measures instead

Demand to limit any change...

Because it has limited usefulness, some suggested that if the IASB considers making improvements to the statement of cash flows for financial institutions, those changes should reflect only significant improvements that investors find highly informative

...or reduce costs through exemptions

Some said that because of the limited usefulness of the statement of cash flows for financial institutions the IASB might consider exempting financial institutions from some or all the requirements of IAS 7

Low demand for alternative statements

A few suggested replacing the statement of cash flows with an alternative such as including information required by regulatory reporting in financial statements

A few suggested areas usefulness could be enhanced

A few suggested changes that might enhance the usefulness of the statement of cash flows for financial institutions. For example, classifying more items in the operating category; or providing supplemental disclosure on specific items (for example: capital flows, collection and uses of cash, interest and loan originations and payments)

Board decision on approach to financial institutions

In May 2025, the IASB decided to approach the statement of cash flows for financial institutions by considering:

1. Improvements to the statement of cash flows generally before deciding how any changes might apply to the requirements for financial institutions
2. Exemptions for financial institutions from some or all of the requirements for presenting a statement of cash flows
3. Presentation or supplementary disclosure requirements specific to financial institutions that might enhance the usefulness of information about cash flows for such entities

Discussions on financial institutions to date

Financial Instruments Consultative Group May 2026

Purpose To discuss initial research findings and applicability of the improvements being explored in the project for financial institutions

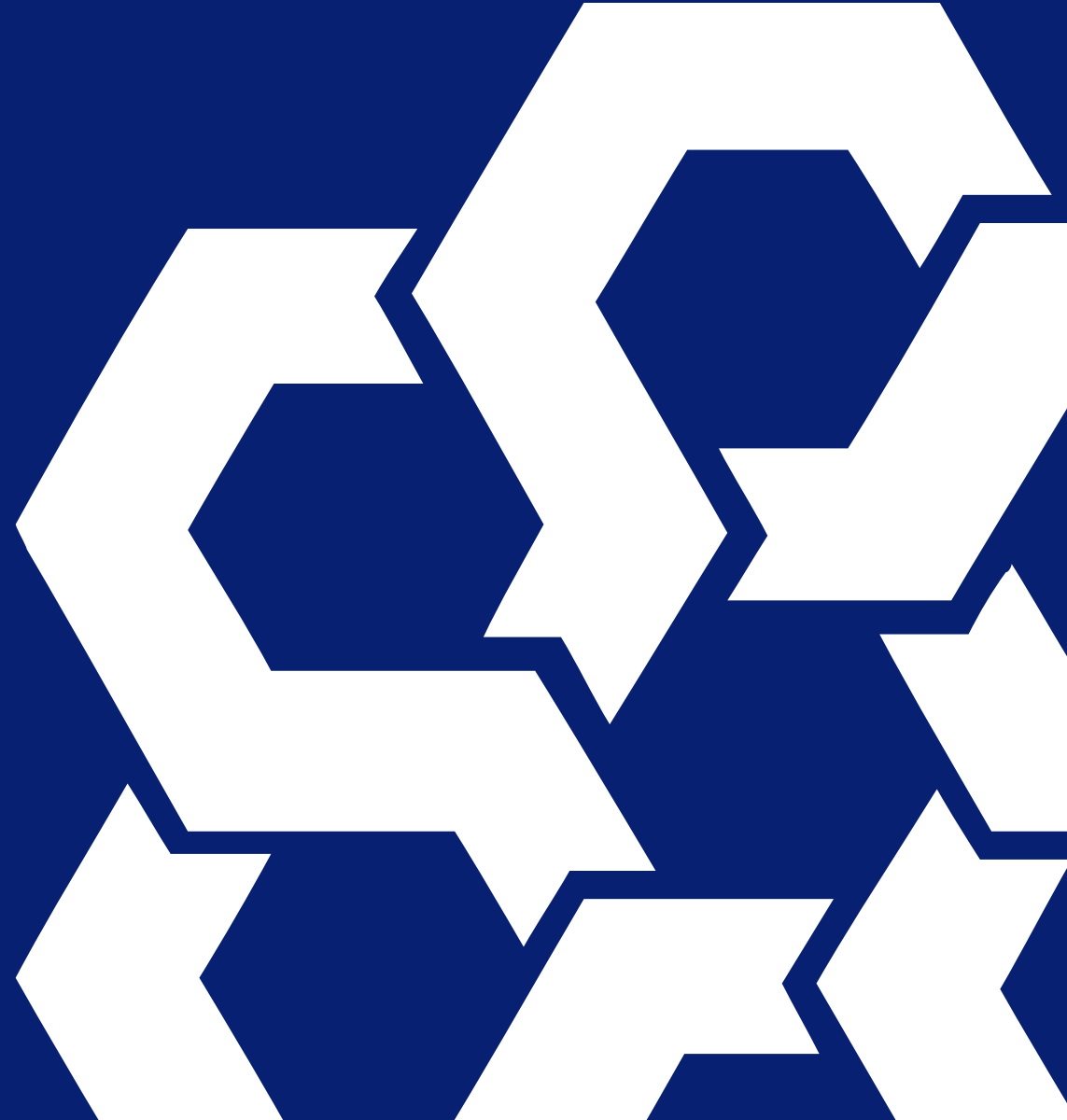
- Members confirmed previous feedback that the statement of cash flows has limited usefulness for financial institutions
 - Members gave limited feedback on applicability of improvements
 - Members suggested alternative approaches, including extending concepts from IFRS 18 into IAS 7
-

FASB–IASB education meeting June 2026

Purpose To discuss the boards' respective work plans, including the FASB's project on the statement of cash flows

- The FASB decided in April 2026 to remove from its agenda a technical project on targeted improvements to the statement of cash flows for financial institutions. The topic will be subsumed into the FASB's broader research project on the statement of cash flows.
- The FASB's decision was in response to outreach with preparers and investors
- FASB staff will further research whether relevant disclosures could potentially replace the statement of cash flows for certain entities

B. Improvements being explored in the project



Improvements being explored for entities that are not financial institutions

The appendix summarises the areas of improvement being explored for entities that are not financial institutions and the IASB's tentative decisions to date.

The areas of improvement are:

1. Disaggregation

- *Strengthening the link between statement of cash flows & statement of financial position*
- *Disclosure of changes in liabilities from financing activities*

2. Non-cash transactions

- *Specifying the content and location of disclosures about non-cash transactions*
- *Disclosure of non-cash changes in working capital*

3. Management-defined performance measures (MPMs)

4. Consistent application—Classification requirements

5. Consistent application—Definition of 'cash equivalents'

Staff's initial analysis of improvements

For each areas of improvement, slides 14–18 summarise the staff's initial analysis of:

- the **applicability** of the IASB's tentative decisions for financial institutions (that is, would the possible change affect the financial statements prepared by a financial institution); and
- the likely **costs and benefits** of any changes for financial institutions.



As the IASB's work on the areas of improvement is ongoing, the analysis is based on discussions and tentative decisions to date on each area of improvement.

Grouping of improvements

Based on the staff's initial analysis, the areas of improvements have been split into two groups that reflect how they might be considered in the future:

Group A

- Changes are not expected to significantly benefit financial institutions or users of their financial statements; and
- Changes are not expected to significantly increase costs for preparers

Because the effects for financial institutions are limited, adaptation of the changes for financial institutions is unlikely to deliver benefits that outweigh costs

Group B

- Changes could introduce complexity and costs for financial institutions; and
- Changes could result in information that lacks faithful representation

Further analysis needed to explore possible adaptation of the changes for financial institutions

Staff's initial analysis of improvements—*Group A* (1/3)

Applicability of tentative decisions to financial institutions	Costs and benefits of potential changes for financial institutions
1. Disaggregation — <i>Strengthening the link between statement of cash flows & statement of financial position</i> (Slide 32)	
Generally applicable	Cost depends on how financial institutions currently aggregate, label and reference items in the statement of cash flows Limited benefit for users as cash flow information has limited usefulness
2. Non-cash transactions — <i>Specifying the content and location of disclosures about non-cash transactions</i> (Slide 35)	
Generally applicable—financial institutions generally disclose non-cash investing and financing transactions in accordance with paragraphs 43–44 of IAS 7	Cost depends on the current location and format of the information about non-cash transactions currently disclosed Limited benefit for users as cash flow information has limited usefulness

Staff's initial analysis of improvements—*Group A* (2/3)

Applicability of tentative decisions to financial institutions	Costs and benefits of potential changes for financial institutions
3. Management-defined performance measures (MPMs) (Slides 38–39)	
<p>Limited applicability—financial institutions' performance measures are generally defined by regulation, not management, and do not include adjusted measures of cash flow (for example, free cash flow)</p>	<p>No additional cost for financial institutions that do not communicate adjusted measures of cash flow</p> <p>Limited benefit for financial institutions that do not communicate adjusted measures of cash flows</p>

Staff’s initial analysis of improvements—*Group A (3/3)*

Applicability of tentative decisions to financial institutions	Costs and benefits of changes for financial institutions
4. Consistent application—<i>Classification requirements</i> (Slide 41)	
<p>Generally applicable—the cashflows being clarified are relevant to financial institutions</p>	<p>Costs depend on how financial institutions currently classify and present those cashflows being clarified</p> <p>Benefits for financial institutions because of the relevance of the cashflows being clarified. However, the IASB are trying to clarify, not change the current classification requirements. Therefore, benefits are limited because current classification categories do not reflect the business model of financial institutions.</p>
5. Consistent application—<i>Definition of ‘cash equivalents’</i> (Slide 43)	
<p>Generally applicable—current definition of ‘cash equivalents’ applied by financial institutions</p>	<p>Costs depend on how financial institutions apply current definition</p> <p>Benefits for financial institutions because of the relevance of the definition. However, the IASB are trying to clarify, not change the current definition. Therefore, benefits are limited because current definition does not reflect how financial institutions manage cash.</p>

Staff’s initial analysis of improvements—*Group B* (1/2)

Applicability of tentative decisions to financial institutions	Costs and benefits of potential changes for financial institutions
1. Disaggregation—<i>Disclosure of changes in liabilities from financing activities</i> (Slide 33)	
<p>Generally applicable—financial institutions disclose information about changes in liabilities arising from financing activities in accordance with paragraphs 44A–44E of IAS 7</p>	<p>Cost depends on the format and disaggregation of information about changes in liabilities from financing activities currently disclosed by financial institutions. However, generally financial institutions provide this information as a reconciliation.</p> <p>Requiring financial institutions to disclose information about liabilities from financing activities as a reconciliation could suggest the disclosure provides a complete picture of their financing structure, when it may not (see paragraphs BC17–BC19 of IAS 7)</p>
<p style="text-align: center;">Further analysis needed to explore possible adaptation for financial institutions</p>	

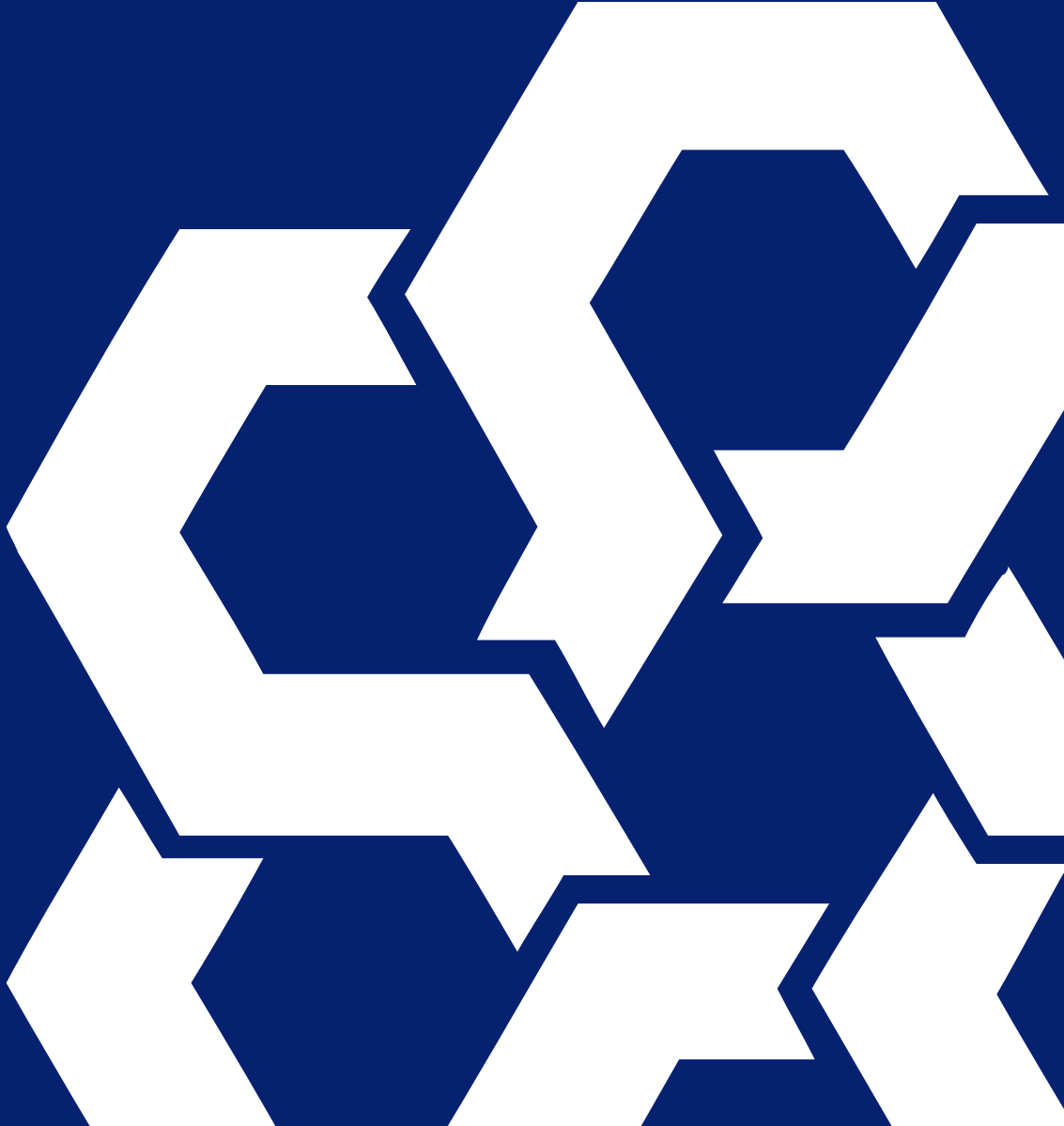
Staff’s initial analysis of improvements—*Group B* (1/2)

Applicability of tentative decisions to financial institutions	Costs and benefits of potential changes for financial institutions
2. Non-cash transactions—<i>Disclosure of non-cash changes in working capital assets and liabilities</i> (Slide 35)	
<p>Financial institutions generally use the indirect method and disclose changes in operating assets and liabilities. However, these are generally not labelled as ‘working capital’ as this term is not used for cash management purposes.</p>	<p>Could be complex to gather the information needed to distinguish between cash and non-cash movements, especially for high-volume products, for example, deposits from retail customers. However, information on non-cash changes may be already presented elsewhere in the financial statements in accordance with IFRS Accounting Standards.</p> <p>Requiring financial institutions to disclose information about assets and liabilities from operating activities could suggest the disclosure provides a complete picture of balances used in day-to-day operations, when it may not. For example, some investing assets might be used in day-to-day operations.</p>
<p style="text-align: center;">Further analysis needed to explore possible adaptation for financial institutions</p>	

Questions for ASAF members

1. Do you agree with the staff's initial analysis of the applicability of the improvements for financial institutions and how they might be considered in the future?
 2. Do you have any suggestions of possible adaptations for financial institutions relating to:
 - the disclosure of changes in liabilities from financing activities (see slide 17); and
 - the disclosure of non-cash changes in working capital assets and liabilities (see slide 18)?
-

C. Exemptions, presentation and disclosure requirements



Exemptions, presentation and disclosure requirements

Staff have identified possible exemptions, presentation and disclosure requirements for financial institutions based on research to date (see slide 6)

Slides 22–24 summarise these possible approaches.

Each slide explains:

- the **rationale** for the different approaches based on the research; and
- key **risks and challenges** that would have to be considered.

Exemptions

Possible approaches identified in research

- Exemption from IAS 7 (including related disclosures, for example, information about changes in liabilities arising from financing activities and supplier finance arrangements)
- Exemption from presenting a statement of cash flows (disclosure requirements would remain)
- Exemption from reporting cash flows from operating and investing activities (that is, reporting cash flows from financing activities only)

Rationale for approaches

- Removes information that is of limited use and does not reflect how financial institutions manage cash
- Users get information on liquidity and solvency through regulatory reporting and the disclosures required by IFRS 3, IFRS 7 and IFRS 17

Risks and challenges

- Defining a scope for any exemption that captures the intended entities
- Loss of potentially useful information, for example cash flows from interest, dividends, contingent consideration and issuing and redeeming shares
- Some regulators require a statement of cash flows for statutory requirements, even if not required by IFRS Accounting Standards

Presentation requirements

Possible approaches identified in research

- Allow financial institutions to aggregate information about operating, investing or financing activities (for example, by relaxing the current classification requirements in IAS 7)
- Require financial institutions to present some cash flows on a gross basis instead of a net basis (for example, cash payments for loans made to other parties and cash receipts for repayments of loans)

Rationale for approaches

- Focuses on the most useful information about a financial institution's cash flows by simplifying, or expanding, the statement of cash flows
- Gross presentation of cash flows improves transparency and better reflects activity in key business areas (for example, lending)

Risks and challenges

- Defining the scope of any presentation requirements that captures the intended entities
- Potentially requires preparers to apply greater judgement to determine the information to aggregate and line items to present in the statement
- Increases costs for financial institutions if more information is needed to prepare the statement

Supplementary disclosure requirements

Possible approaches identified in research

- Require financial institutions to disclose regulatory-type information in the notes to their financial statements, or reconcile key regulatory measures to information in their financial statements
- Require financial institutions to provide more cash flow information by enhancing the requirements of IFRS 7 and IFRS 17 (for example, expanding maturity analyses)

Rationale for approaches

- Provides users with information about liquidity and solvency in a familiar format (either IFRS or regulatory based)
- Limited cost if disclosures include information available elsewhere

Risks and challenges

- Defining the scope of any disclosure requirements that captures the intended entities
- Jurisdictional differences in the content, timing and public availability of regulatory information
- Duplication if regulatory-type information available elsewhere
- Potential additional costs if scope of regulatory disclosures subject to audit is increased
- Extensive existing IFRS disclosures in IFRS 7 and IFRS 17 limit scope for additional useful information

Common risk—*Scope*

Possible approaches for scoping exemptions and requirements for financial institutions

Activity-based



For example, specified main business activities used in IFRS 18 *Presentation and Disclosure in Financial Statements* for specific classification requirements

Threshold-based



For example, significance of liabilities from insurance contracts used in IFRS 4 *Insurance Contracts* for the scope of an exemption from applying IFRS 9 *Financial Instruments* (IFRS 17 superseded IFRS 4)

Other

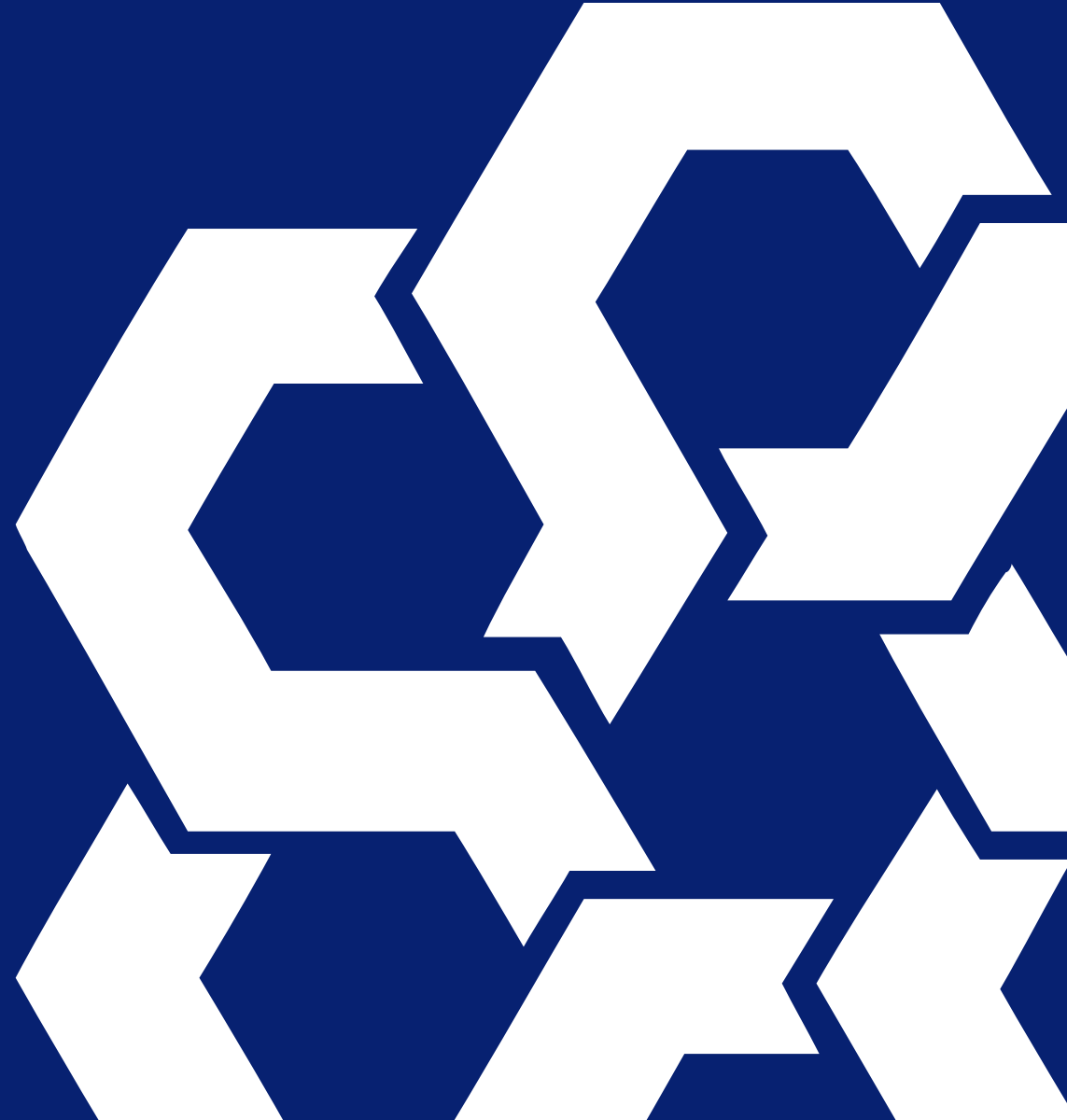


For example, a combination of activity, objective and relevant legislation used for the scope of IAS 30 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* (IFRS 7 superseded IAS 30)

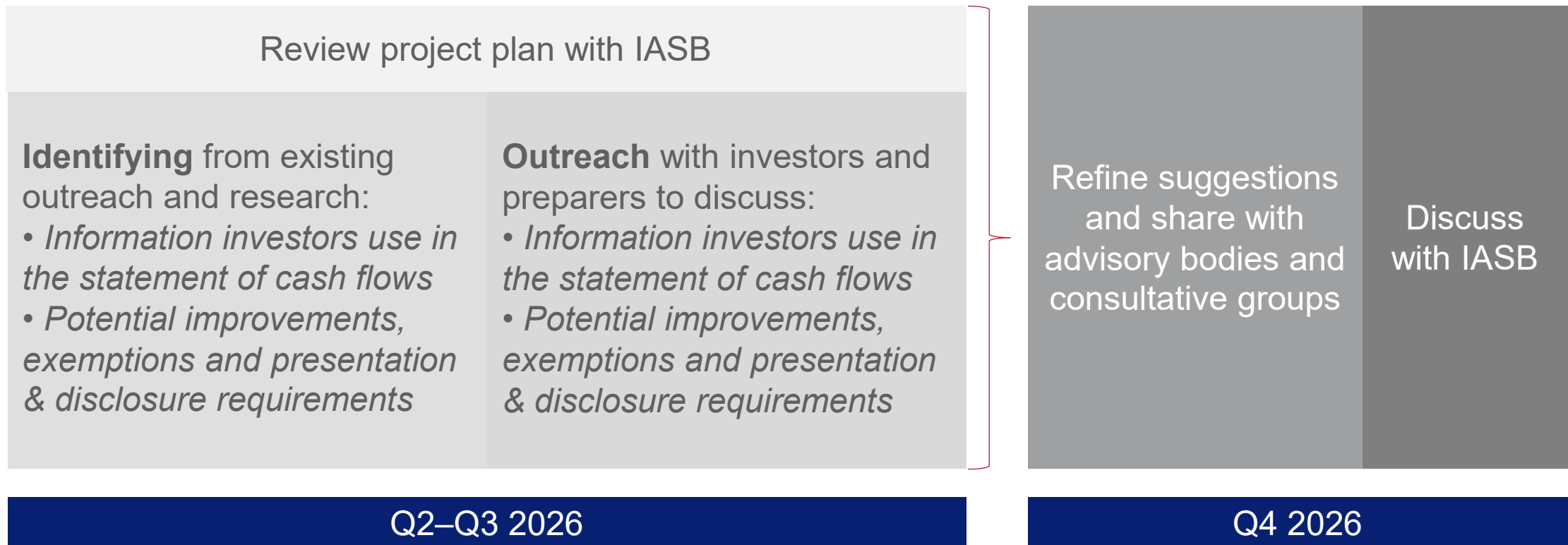
Questions for ASAF members

1. To help the IASB consider next steps, which of the approaches in slides 22–24 would be most beneficial or challenging in your jurisdiction?
 2. For each approach in slides 22–24, do you have:
 - Any suggestions about how to address or reduce the identified risks and challenges?
 - Any suggestions or concerns about scoping an exemption or requirement (for example, regulation or legislation specific to your jurisdiction)?
-

Next steps



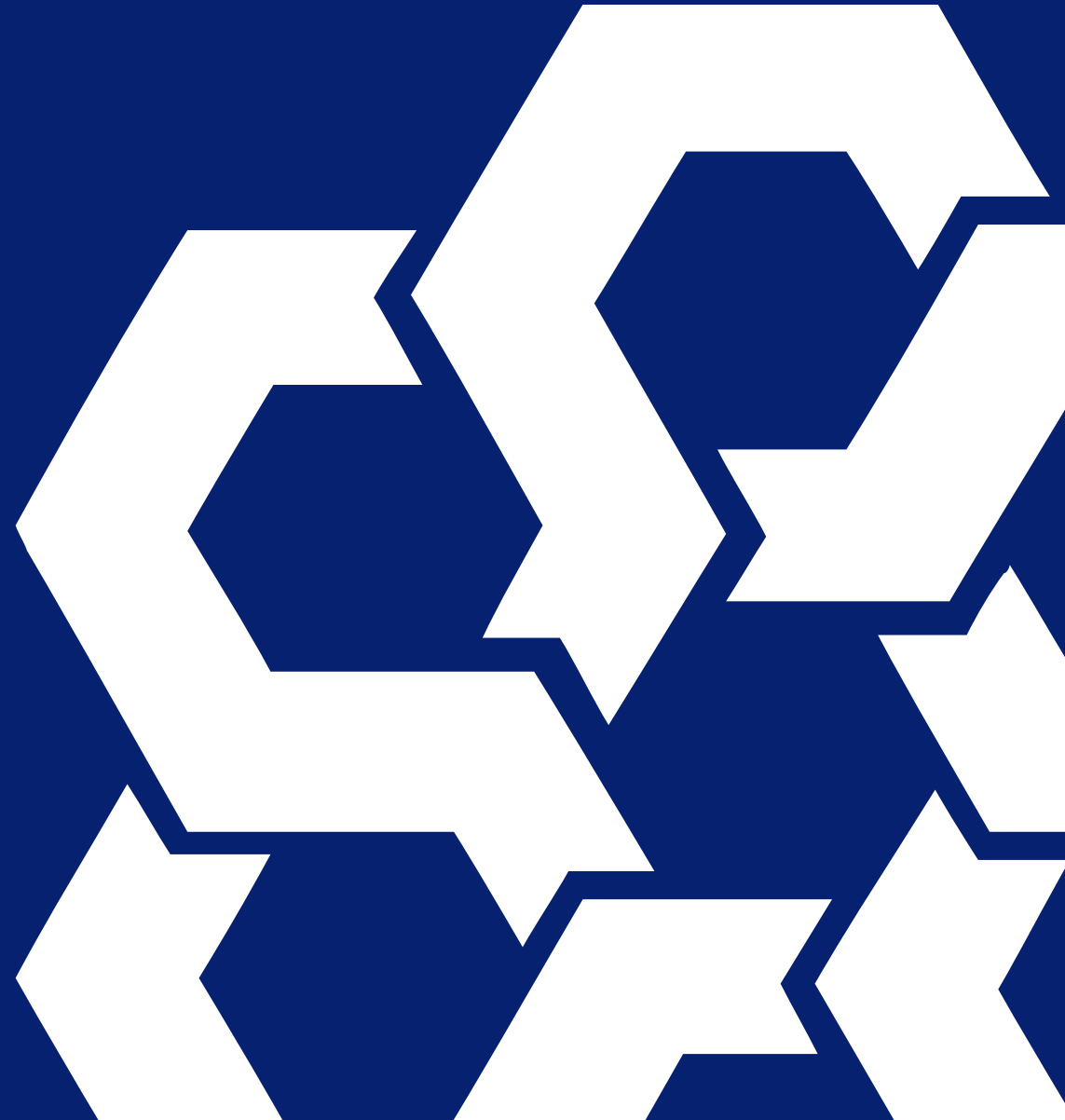
Next steps—*Remainder of 2026*



Question for ASAF members

1. Do you have any advice on industry groups or other stakeholders we should speak to as we carry out outreach on this topic during Q3 of 2026?
-

Appendix A—Summary of improvements being explored in the project



1. Disaggregation

Disaggregation

The IASB has tentatively decided to explore strengthening the link between the statement of cash flows and information **presented or disclosed in other parts of the financial statements**, this includes tentatively deciding to propose adding **application guidance**:

- on aggregating line items in the statement of cash flows, using disaggregation of related line items in the statement of financial position as a basis for disaggregation and requiring **disclosure** of how **related items are disaggregated differently** in those statements, when applicable;
- on **labelling and describing line items** that requires an entity to use similar labels for items with similar characteristics and different labels for items with different characteristics; and
- on **cross-referencing information** in a note to more than one primary financial statement, when the information relates to more than one of those statements

The IASB has also tentatively decided to propose an entity be required to **present cash flows from discontinued operations** in a **separate category** of the statement of cash flows providing consistency in presentation

The IASB is continuing to explore possible disaggregation requirements for specific items

Changes in liabilities from financing activities

IAS 7 *Statement of Cash Flows* requires an entity to **disclose information about changes in liabilities arising from financing activities**. One way for entities to provide this information is in a reconciliation table

The IASB has tentatively decided to propose requirements to better enable investors to understand the **link between the disclosure and cash receipts and payments** in the statement of cash flows

The IASB has tentatively decided to propose requirements:

- to **reconcile** opening to closing balances;
- **disaggregate** balances considering the **line items of related liabilities** in the statement of financial position; and
- **disaggregate** major classes of **gross cash receipts** and **gross cash payments** presented in the statement of cash flows

An example of what applying the proposed requirements might look like:

Reconciliation of liabilities arising from financing activities

	Borrowings	Lease liabilities	Total liabilities
Opening balance	1,140		1,140
Cash flows from operating activities			
Cash flows from investing activities			
Cash flows from financing activities, which consist of:	250	-90	160
Proceeds from borrowings	250		250
Payment of lease liabilities		-90	-90
Proceeds from issue of share capital			
Dividends paid			
Adjustment for cost of net liabilities	35	5	40
Assumed as part of business combinations (Note X)	290		290
Non-cash transactions (Note Y)	10	900	910
Closing balance	<u>1,725</u>	<u>815</u>	<u>2,540</u>

2. Non-cash information

Non-cash transactions possible new disclosures

IAS 7 **requires an entity to disclose** all the relevant information about non-cash transactions but **isn't specific about where and how** the information is disclosed

The IASB has tentatively decided to develop requirements to specify **the content and location** of information an entity discloses about **non-cash transactions**

IFRS Accounting Standards also cover non-cash changes in working capital assets and liabilities, but the information is often **too aggregated** for investors to use effectively. Additionally, entities are **not required to link** these disclosures to other related information in the financial statements. The IASB has tentatively decided to develop requirements to disclose information about **specific types of non-cash changes** in specified assets and liabilities that make up **working capital**

Mixed feedback on initial non-cash transactions solutions

Investor feedback suggests they might benefit from:

- improved accessibility to information about non-cash transactions disclosed in a single location
- potential to compare cash and economically similar non-cash transactions
- improved understanding of how specific assets and liabilities have changed over the period
- better contextual information provided by disaggregation of specific non-cash information in individual note disclosures

Preparers identified concerns about:

- potential for duplication of information
- manual effort required to gather some information
- detailed disclosure resulting in higher preparation and audit cost
- relevance of comparing cash and economically similar non-cash transactions
- limited opportunity for entity-specific information

The IASB will seek feedback on revised proposals at the June 2026 joint CMAC-GPF meeting

3. Management-defined performance measures

Management-defined performance measures (MPMs)

The IASB has tentatively decided to **extend the MPM** requirements in IFRS 18 *Presentation and Disclosure in Financial Statements* to also **include cash flow measures**, which is expected to:

- provide investors with a consistent set of disclosure requirements in the financial statements providing transparency over adjusted cash flow measures
- align the requirements for adjusted measures of cash flows with requirements for adjusted measures of profit or loss

For entities that do not communicate adjusted measures in public communications additional disclosures would not be required

Updates to MPMs to include cash flow measures

The IASB's tentative decisions on MPMs include:

- Updating the definition of MPMs to subtotals of income and expenses **or subtotals of cash inflows and outflows** not required or specifically exempted by IFRS Accounting Standards (subtotals for categories of the statement of cash flows are specifically exempted)
- Adding **application guidance** clarifying that:
 - subtotals combining income and expenses and cash inflows and outflows are MPMs
 - the disclosure of the **income tax effect and the effect on non-controlling interests** for each item in the MPM reconciliation will **not apply to cash flow measures**
 - an entity is required to disclose the effects of **tax and non-controlling interest for an MPM** that is a subtotal of income and expenses or is **reconciled to a subtotal in the statement of profit or loss**

4. Consistent application— *classification requirements*

Classifying cash flows as operating, investing, and financing

The IASB has tentatively decided to explore developing requirements to improve the consistent application of the classification requirements, including exploring requirements:

- to classify **acquisition-related payments in a business combination**;
- to classify and present **cash flows from derivatives**; and
- to classify and present **receipts of government grants**

The requirements are expected to improve consistency in classification of transactions which lack specific guidance and for which many stakeholders identified diversity

The IASB has also tentatively decided to explore amending the principle for classifying cash flows in paragraph 11 of IAS 7 to help entities apply the principle more consistently

After the IASB has concluded its discussions on strengthening the disclosure requirements on **non-cash transactions** and **other non-cash changes**, the IASB will revisit whether requirements are necessary for:

- classifying **deferred payments**; and
- classifying and presenting cash flows **involving a third-party finance provider**

5. Consistent application— *definition of ‘cash equivalents’*

Definition of ‘cash equivalents’

The IASB tentatively decided to improve the consistent application of the **definition of ‘cash equivalents’**, including clarifying that a cash equivalent be **held for the purpose of meeting short term cash commitments** rather than for investment purposes

The IASB is exploring alternatives to clarifying reference in IAS 7 to an investment with a **maturity of three months or less**

Get involved

Learn more

- Access [IFRS Accounting Standards](#)
- Explore materials for the [consistent application](#) of Standards
- Respond to [consultations](#)

Track progress

- Watch [IASB meetings](#)
- Listen to [podcasts](#)
- Register for [news alerts](#)