

## **The Raid of Neoliberalism on Accounting Standard Setting of Indonesian Islamic Financial Institutions**

Mohammad A. Hudaib<sup>1</sup>

### **ABSTRACT**

**Purpose-** This paper offers a critical analysis of the politics of accounting standard setting and showcased how neoliberalism and adoption of IFRS capture shariah standard setting for Indonesian Islamic Financial Institutions (IFIs). **Methodology-** Guided by the political economy lens of neoliberalism and accounting standard-setting, a critical review of existing literature is undertaken in writing the narratives on the capture of shariah standard setting for IFIs in Indonesia. **Findings-** The neoliberalism agenda of financialisation in ensuring the Indonesian financial sector mimics its capitalist counterparts and enabling IASB to maintain its monopolistic position were successful through economic reform and suppression of the potential rise of an alternative local shariah standards for IFIs by the country's political and professional elites. **Originality-**The paper enriches IFRS adoption literature using the political economy framework of neoliberalism to understand the obviation of shariah standard setting for Indonesian IFIs.

**Keywords:** Neoliberalism, Shariah financial reporting standard setting, Islamic Financial Institutions, Indonesia.

**JEL Classification:** M40; M41; M42; M48.

---

<sup>1</sup> College of Business Administration, Accounting Department  
King Saud University, Saudi Arabia. E-mail: [Mhudaib@ksu.edu.sa](mailto:Mhudaib@ksu.edu.sa)