Companies and Intellectual Property Property

Digital Financial Reporting in XBRL, a move aimed at boosting investment in South Africa.

By Adv. Rory Voller

South Africa was recently ranked first out of 115 countries for the transparency of its financial reporting. This is no small feat and certainly not a once-off accolade as South Africa has been ranked in the top three of the Open Index since 2010.

However, this level of scrutiny should not only be the reserve of the public sector, especially in a country where the financial management in the private sector has also reaped its own benefits.

This is why the introduction of digital financial reporting, called iXBRL, by the Companies and Intellectual Property Commission (CIPC) could not come at a better time as the CIPC could argue that they should not be expected to be held to the same standards as their public representatives who have displayed transparency about their taxes being generated, and how budgets are allocated and spent.

The speed of development and benefits of technology has surpassed the imagination of all even before the change of the century. In the same way, digital financial reporting is revolutionizing the business world. This is how the CIPC envisages that technology can be used to the eventual benefit of all of South Africa.

If South Africa is to move into the new age, improve investor confidence, and boost entrepreneurship, there is no better time than now for the private sector to emulate the transparency displayed by those entrusted with public finances to follow suit.

And everyone stands to benefit.

The move also includes entities who prepare financial statements, analysts, investors, and regulators who have access to a system with enhanced distribution and usability of existing financial statement information. There will also be lower operating costs for financial publishers and data collectors with access to efficient data collectors with reduced errors.

Independent software vendors also stand to benefit as any software products that manages financial information can use iXBRL for its data input and output formats.

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