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Inline XBRL New Emerging Technology

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Abstract- The purpose of this research study is to provide an understanding of the adoption of Inline XBRL in the United States. The eXtensible business reporting language (XBRL) has revolutionized the financial reporting system at the Securities and Exchange Commission (SEC). As members of the financial reporting community are aware of the importance of information technology, leaders of both public and private companies should consider the challenges and risks of adopting Inline XBRL. For instance, the most important challenges and risks to consider when adopting Inline XBRL are: (a) independent audit assurance, (b) appropriate set of controls and procedures, and (c) education review. Inline XBRL is currently replacing HTML submissions of separate files. The XBRL International will be responsible for Inline XBRL maintenance, including its format. Therefore, the European Securities and Market Authorities (ESMA) mandated the use of Inline XBRL as new technology with the intention of protecting the financial capital well-being in public markets.

Keywords: SEC, internet financial reporting, inline XBRL, XBRL, IFRS, accounting information technology.

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I. Introduction

The focus of this article is on the adoption of Inline XBRL in the United States. In the last decade, the XBRL has grown at a rapid pace as a global communication technology accounting standard. In the global context, 150 projects have promoted its immediate use and applicability. XBRL's main supporters are Australia, China, Europe, and the United States. The main achievement of the XBRL implementation was data management enhancement and its internal quality control system. Throughout the years, XBRL has helped align and standardize financial reporting as one singular accounting language. The SEC has granted permission to public companies through March of 2020 to adopt voluntarily Inline XBRL.

Users can visit the SEC's website (SEC.gov) for more information related to the new Inline XBRL financial translation system. The SEC made an announcement that the IFRS Taxonomy aspect has been approved and will be part of the Commission website. For the fiscal period ending before or after December 15, 2017, foreign private investors will be required to issue Form 20-F or 40-F as a financial disclosure requirement.

A *Business Wire* article ("XBRL US commends," 2017) reported that in the UK, three million private and public companies report to tax authorities. In an effort to report the appropriate information in financial statements as a disclosure requirement, nonprofit organizations have joined the XBRL US Center for Data Quality in an effort to improve the accuracy and reliability of financial statements and reports. Companies adopting Inline XBRL as a reporting financial language will enjoy a sustainable path of technology financial language translation. Future adopters suggest that in order to promote a healthy financial reporting language, the implementation and adoption of Inline XBRL are vital. Inline XBRL can help align and standardize financial reporting as one singular accounting language.

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II. Literature Review

Members of the financial reporting community are aware of the importance of information technology. XBRL has served as a vehicle to communicate business reports to investors and regulators. The SEC and international regulators have made an effort to make progress in simplifying the translation financial reporting method. The historical progress of XBRL is as follows:

- In October of 2005, XBRL affected more than 8,000 banks in the U.S. banking industry with the enforcement of quarterly "Call Reports" by the SEC.
- By April of 2005, the SEC recommended that the adoption of XBRL be voluntary in nature by permitting registrants exhibits in their consolidated financial statements.
- In September of 2006, the SEC introduced the new electronic format known as Interactive Data Electronic Application (IDEA).
- In 2007, the Canadian Securities Administrators (CSA) founded a voluntary program to help companies in the Canadian market place to file, report, and comply with XBRL guidelines. Regulators in China, Spain, the Netherlands, and the United Kingdom required the use of XBRL.
- In May of 2008, the SEC required publicly traded companies to adopt XBRL by December 15, 2008 to meet new financial requirements. Also, the SEC encouraged the creation of a comparable version of XBRL internationally.

For example, Fang (2014) indicated the mandated adoption standard of the XBRL during this time in the United States was a difficult transition for private and public companies.

Under the Sarbanes-Oxley Act, XBRL plays a vital role as a legal requirement by enforcing reliability and accuracy in financial reporting (Hall, 2016).

By 2016, the SEC mandated public companies to adopt voluntarily Inline XBRL with the added concept of financial accounting policies. The new Inline XBRL promotes reliability in a traditional financial statement

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format. For example, public and private companies using Inline XBRL have the ability to translate their financial statements from French, German, Japanese, and Spanish into English using one document. Most importantly, Inline XBRL provides rich data and can be easily extracted. Public and private companies should consider the impact of internal control systems and the technological contributing value. Therefore, communication is paramount to commerce in the global financial market arena (Dreyer, 2017).

The SEC has granted permission to public companies through March of 2020 to adopt voluntarily Inline XBRL. Investors will have the opportunity to evaluate and assess the usefulness of Inline XBRL. Public and private companies should consider the challenges and risks of adopting Inline XBRL (Dreyer, 2017). The most important challenges and risks to consider when adopting Inline XBRL are:

- Independent audit to promote efficiency and reasonable assurance.
- Appropriate set of controls and procedures with a focus on data security and the accuracy of financial disclosure requirement from a management solution perspective.
- Education review, which is a critical element in the application of an internal control process by addressing an organization's financial risk and overseeing the relevance of CFOs, investors, and corporate lawyers (Dreyer, 2017).

Public companies can benefit from Inline XBRL by moving from traditional filing to a more accelerated modern system. Inline XBRL promotes transparency and rich-text format at a greater level. Public companies and public users will experience a reduction in the cost of the submission of financial reports to the SEC. Inline XBRL is embedded into one financial singular language, which prevents technical inconsistencies across the board. Users of Inline XBRL have complete control of the financial XBRL disclosure requirement. Viewers can visit the SEC.gov website for more information as it pertains to the new Inline XBRL financial translation system (Barlas, 2017).

The SEC requires publicly traded companies to submit periodic financial statements and financial footnotes using Inline XBRL. The Inline XBRL is currently replacing the HTML submission. Inline XBRL embraces the XBRL readable aspect and the human approach of making final adjustments in companies' financial statements ("XBRL US commends," 2017).

Most recently, the SEC made an announcement that the IFRS Taxonomy aspect has been approved and will be part of the Commission website. For the fiscal period ending before or after December 15, 2017, foreign private investors are required to issue Form 20-F or 40-F as a financial disclosure requirement. According to Campbell Pryde, CEO of the XBRL in the United States, the main benefit of shifting to Inline XBRL is that it will reduce duplicity and add great value to the investment community related to automation, time, and efficiency ("XBRL US commends," 2017).

XBRL International will be responsible for Inline XBRL maintenance, including its format. As a result, XBRL US is a U.S.-based jurisdiction part of XBRL International, which is responsible for creating U.S. financial data. For example, in the UK, three million private and public companies report to tax authorities, Japanese securities regulators use Inline XBRL to collect data from public companies and Danish authorities benefit by collecting data from private companies. The European Securities and Market Authorities (ESMA) mandated the use of Inline XBRL with the intention of protecting the financial capital well-being of public markets. Therefore, in 2020, companies that comply with IFRS principles-based standards will pursue Inline XBRL using the same financial disclosure requirement announced by the SEC ("XBRL US commends," 2017).

In the last decade, the XBRL has grown at a rapid pace as a global communication technology accounting standard. In the global context, 150 projects have promoted its immediate use and applicability. XBRL's main supporters are Australia, China, Europe, and the United States. The main achievement of the XBRL implementation was data management enhancement and its internal quality control system (Cooper, 2012).

XBRL has revolutionized the financial reporting system at the SEC. The EDGAR database under the XBRL translates the financial statements of companies into actual words. The taxonomy aspect was developed under USGAAP with the goal of creating better financial reporting practices by supporting disclosure requirements in financial statements. From 2009 to 2010, the SEC experienced a high filing compliance level by companies utilizing XBRL as a new accounting method of financial translation (Debreceny et al., 2011).

The quality of financial disclosure requirement under XBRL is a persistent topic of discussion among regulators in the financial market. Financial regulators argue that the data reported to the SEC should be free of error by demonstrating accuracy and reliability. Financial errors can lead companies to make incorrect business decisions. In an effort to report the appropriate information in the financial statements as a disclosure requirement, nonprofit organizations have joined the XBRL US Center for Data Quality to improve the quality and reliability of financial statements (Rohman, 2015).

Companies adopting XBRL as a reporting financial language will enjoy a sustainable path of technology financial language translation. In Malaysia, the main objective of XBRL is to raise the awareness of transparency among stakeholders. Publicly traded companies in Malaysia have experienced a positive

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outcome by creating strong governance and compliance in the financial sector. Future adopters suggest that in order to promote a healthy financial reporting language, the implementation and adoption of the XBRL are vital (Ilias, Razak, & Rahman, 2015).

The SEC and other financial regulators around the world have promoted the importance of reliable financial data. XBRL focuses on external financial reporting accounting by embracing the applicability of the internal accounting aspect. Throughout the years, XBRL has helped align and standardize financial reporting as one singular accounting language. Therefore, the implementation of XBRL has contributed to the efficiency and effectiveness of financial reporting standards in the international financial market arena (Markelevich & Riley, 2013).

III. Conclusion

In conclusion, Inline XBRL embraces the readable aspect and the human approach of consolidated financial statements. Inline XBRL is understood as providing great value in the investment community related to automation, time, and efficiency. As a result, Inline XBRL, under the Sarbanes-Oxley Act, plays a vital role as a legal requirement by enforcing reliability and accuracy in financial reporting. Moreover, Inline XBRL serves as a vehicle to communicate accounting information technology in the global financial market arena. The implementation of Inline XBRL has contributed to the efficiency and effectiveness of financial reporting standards across the globe. Therefore, in 2020, companies that comply with IFRS principles-based standards will pursue Inline XBRL using the same financial disclosure requirements announced by the SEC.

IV. Recommendations for Future Studies

The author of this article suggests the following aspects be considered for future studies into the implementation of Inline XBRL in the U.S. market:

- Private and public companies should consider in the adoption process the pros and cons of Inline XBRL.
- The SEC should evaluate the financial reporting taxonomy aspect under USGAAP versus IFRS.
- Universities and colleges should incorporate the applicability of Inline XBRL into their accounting curricula.

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