VOLUNTARY INFORMATION DISCLOSURE IN THE ANNUAL REPORTS OF LIBYAN'S COMMERCIAL BANKS: A LONGITUDINAL ANALYSIS APPROACH

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ABSTRACT: *This study aims to measure the level of voluntary information disclosure in 54 annual reports of listed and unlisted Libyan's commercial banks, over a six-year reporting period (2006-2011). It also examines if there has been any significant improvement in the levels of voluntary information disclosure provided in the annual reports, using a longitudinal analysis approach. To measure the voluntary disclosure level, this study develops a scoring sheet comprised of 63 voluntary information items and a dichotomous scoring method was applied. A longitudinal analysis shows that the extent of all five types of information disclosures is low, with an average of 38%, however there was an improvement in the general level of voluntary disclosure and its categories over a six-year period. In addition, it shows that the level of background information is the highest level of voluntary disclosures over the periods of the study and the level of corporate social information is the lowest level of voluntary disclosure in the annual reports of the study time periods. This research project is to help develop the existing disclosure literature in relation to the banking sector, which is currently sparse due to the limited empirical research studies on the extent of banking disclosure and its developments.*

KEYWORDS: Commercial Bank, Voluntary Disclosure, Annual Reports, Libya

INTRODUCTION

The amount and detail of information disclosed by management of commercial banks has become a more serious issue in recent times for international financial institutions, such as the World Bank (WB) and the International Monetary Fund (IMF). These international organisations have recommended the banking sector operations in both developed industrialised and less developing countries to expand the extent of their information disclosures further than required by laws and regulations. The main reason for requiring banks to provide sufficient and reliable information in their published annual reports is to enable market participants to evaluate the commercial bank's' activities and risk management practices. As Hirtle (2007, p. 24) point out "Disclosure is particularly important in the banking industry, since banks are generally viewed as being opaque to outsiders". Voluntary disclosure in contrast to mandatory disclosure refers to financial and non-financial information that published in the annual reports without any legal obligations. According to Tian and Chen (2009) voluntary disclosure of information can detail and expand mandatory disclosure, enhancing the credibility and completeness of mandatory disclosure.

The disclosure literature has demonstrated that providing inadequate information in the annual reports has many consequences, the main one of which is to reduce the confidence of public users in the commercial banking system, and make them less willing to invest in the development of a country**.** More specifically, "Inadequate disclosure may affect users' economic decisions and efficiency of capital markets" (Oyelere et al., 2003, p.28). Disclosure in the corporate annual report is considered as the most important instrument for companies' mangers to communicate their performance to outside investors and other users (Healy and Palepu, 2001). Financial reporting and annual disclosure in banking industry, in particular, has been accorded greater importance by many international organisations, such as the International Accounting Standards Board (IASB), which has established unique accounting standards for banks. For example, IAS 30 *"Disclosure in the Financial Statements of Banks and Similar Financial Institutions",* IAS 32 *"Financial Instruments: Disclosure and Presentation",* and IAS 39 *"Financial Instruments: Recognition and Measurement"* (superseded by IFRS 7 *"Financial Instruments: Disclosure"* on 18th August 2005, effective 1 January 2007).

Additionally, the Basel Committee on Bank Supervision (Basel Committee) has issued a number of papers and guidance notes concerning disclosures in the banking sector. For example, in September 1998, it published a report entitled *"Enhancing Bank Transparency",* which gives general guidance to banking supervisors and regulators on regulatory frameworks for public disclosure and supervisory reporting, and to the banking sector on core disclosures that have to be provided to the public. The Basel Committee's paper also recommends that banks provide sufficient information in their financial reports to the public in order to facilitate market participants' assessment of them. Investors, shareholders, savers, and depositors for example request sufficient information to evaluate the timing and uncertainty of the commercial bank's present and upcoming cash flows (Meek et al, 1995).

The main purpose of the current study is to help develop the academic disclosure literature in relation to the commercial banking sector, which is currently sparse, due to the limited empirical research on the extent of banking disclosure. The intention is to examine the current voluntary disclosure practices by listed and unlisted commercial banking organisations, and to do this with particular reference to Libya, as a developing country. In particular, this study seeks to deeply understanding of the current voluntary disclosure practices by Libyan listed and unlisted commercial banks.

The rest of the paper is organised as follows. The next section focuses on banking sector and financial reporting regulation in Libya. The third section reviews previous related studies and places the present study in the context of the existing disclosure literature. The fourth section presents the methodology and methods utilised in this research. Thereafter, the analysis and findings are detailed and discussed in section five. Then, the sixth section provides the summary and conclusions of the study. Finally, section seven discusses the limitations, contributions and suggestions for further research.

Banking Sector and Financial Reporting Regulation in Libya

The current structure of the Libyan banking sector is comprised from different types of banks; at present it includes the CBL, which represents the monetary authority, responsible for the supervision and control over the banks, and a number of public commercial banks, in addition to a number of private commercial banks and mixed ownership commercial banks, which contribute to the capital of a foreign partner (see Table 1). Within the components of the Libyan bank sector there are also four specialised banks which have been created for the purpose of financing specific activities, such as housing activity, agriculture, industry and finance of small projects. In addition to these, there is a Libyan Foreign Bank (LFB), represented in overseas investments and banking activities and complementary and related financial activities (offshore). There are also a number of representative offices of foreign banks based in Libya.

The commercial banking sector in Libya consists of fifteen banks in operation: six public sector-owned commercial banks with foreign participation in two banks (i.e. Al-Wahda Bank and Al-Sahari Bank), eight private commercial banks owned by Libyans individuals and foreign participation (joint ownership), and one commercial bank owned jointly by the Libyan state and the United Arab Emirates, 50% for each. As can be seen in Table 1 the ownership structure of the Libyan commercial banking sector can be categorised by the following features:

a. Four commercial banks are 100% private local owners,
b. Eight commercial banks are wholly or partially owned by the public sector,
c. Two private commercial banks are jointly by private local and foreign strategic pattern, and
d. One is owned jointly by the Libyan state and the United Arab Emirates (50% for each).

Table 1: List of commercial banks operating in Libya as of 2010

No.	Name of the bank	Capital Ownership		
		Public Sector %	Private Sector %	Strategic Partner %
1.	Al-Jumhoria Bank	83.0	17.0	0.0
2.	National Commercial Bank	85.0	15.0	0.0
3.	Al-Wahda Bank	54.0	27.0	19..0
4.	Al-Sahari Bank	59.0	22.0	19.0
5.	North Africa Bank	82.0	18.0	0.0
6.	Al-Waha Bank	90.0	0.0	0.0
7.	Bank Alaman for Commerce and Investment	0.0	60.0	40.0
8.	Al-Wafa Bank	0.65	99.3	0.0
9.	Assaray Trade and Investment Bank	0.0	100.0	0.0
10.	First Gulf Bank	50.0	0.0	50.0
11.	Al-Mutahed Bank for Trade and Investment	3.0	57.0	40.0
12.	Arab Commercial Bank	0.0	100.0	0.0
13.	Bank of Commerce and Development	17.0	34.0	49.0
14.	Mediterranean Bank	0.0	100.0	0.0
15.	Al-Ejmaa Al-Arabei Bank	0.0	100.0	0.0

Source: The third annual report of the Department of Bank Supervision and Monetary for the years 2010-2011.

Libyan commercial banks, as a profit-seeking business institution, provide traditional banking services in rural areas, smaller and bigger cities in the country via (330) branches and (159) agencies. These services include accepting the deposits (demand or saving) from the general public, granting various types of loans and advances to individuals and companies, issuance and management of instruments of payment including monetary drawings, financial transfers, credit cards, traveller's cheques, and collection pensions and salaries on behalf of their

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clientele. They also offer services relating to processing letters of guarantee and letters of credit. Along with these services, they also deal in foreign exchange transactions as well as acting as brokers in foreign exchange markets, and service transfer of funds in foreign countries. In addition to these traditional services, in recent years, due to community pressure, several of these commercial banks have begun to offer some banking products compliant with Islamic Sharia tenets.

The banking sector in Libya was governed until 5th of July 2012 by the BL Law No. 1 of the year 2005. Besides, the banking sector also has to follow the directions and guidelines issued by the CBL. The BL was partially amended by the Law No 46 of the year 2012. Specifically, the BL No 46, 2012, provides a framework for regulation and supervision of the banking sector. The new BL No. 46 of 2012 was divided into three key chapters including 121 Articles. However, the BL No. 1, 2005 or its later amendments, did not specify any additional requirements concerning the form and content of the balance sheet and profit and loss account.

A slight amendment was made relating to commercial banking financial statements disclosure; according to the old BL (Article 84), each bank must display, throughout the year and in a conspicuous place at its head office and at all of its branches, a copy of its most recent, audited financial statements. It must also publish these statements in the Official Gazette and in a domestic newspaper, but the commercial banks were not required to publish their financial statements on their own websites under the old law; however, the new BL has forced these banks to disclose their audited financial statements on their own websites and to make them available to general public.

Overall, in fact, the new BL No. 46, 2012, did not make any substantial changes, and maintains all of the provisions of the old BL No. 1 of the year 2005, with the exception of some slight changes to meet the demand of the new Libyan political and economic regime. Only new nine duplicated Articles (i.e. 100/1-100/9) were added to the new law; these Articles were specific to Islamic banks products. However, the newly amended BL still shows considerable shortcomings; it has failed to specify the required financial statements and the form and content of these statements has not specified which accounting standards should be applied.

Moreover, the new law did not provide for nonfulfillment penalties or specify the mechanism to enforce the law. So no further mandatory legal requirements were required by the new BL, thereby there is no obligation for commercial banks to publish the notes to the financial statements, the board of directors' report or the auditor's report to general public.

In Libya, the Commercial Activity Law (CAL), Income Tax Law (ITL), and the Stock Market Law (SML), are three important regulations for financial accounting and reporting. The CAL included a range of Articles covering certain aspects of corporate financial reporting (Articles from 225 to 237 and Articles from 254 to 255), which in their entirety included mandatory books, records, financial statements, a balance sheet listing items and an estimate basis of its elements.

In the light of the provisions of the CAL (Article 226) a joint stock company's board of directors has to prepare financial statements (balance sheet and the profit and loss account) and the explanatory notes, as well as a report about the company's progress. However, the CAL is very brief in describing the mandatory disclosure requirements of the corporations, and no clear forms and contents of the balance sheet and profit and loss account are given.

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The second Libyan governmental Law to have an influence on financial accounting and corporate reporting in the country: ITL, which was originally passed in 1968. Under this law each business entity was required to provide financial statements and other financial records at the end of each year to the tax authority. According to Article No. 71, all companies are required to submit an annual declaration about their income to the tax authority, approved by legal accountant or auditor registered in the list of Libyan accountants and auditors, on the special form prepared for this purpose, within one month from the date of approval of the balance sheet, and in a in period not exceeding four months of the year following the financial year. Hence, there is no doubting that the provisions of the ITL were basically designed to service the needs of the tax authority.

The SML No. 11 was enacted to regulate and govern the work in the Libyan Stock Market (LSM). This law consists of 101 Articles separated into eight chapters; the Articles cover the organisation and structure of LSM, control and supervision of the stock market, issuance of securities rules, listing requirements, exemption from taxes and duties, disclosure rules, exchange, investment management, establishment of investment funds, electronic signature, authentic electronic documents in proof, organisation of adjudication and conciliation board.

Specifically, the SML sets out the disclosure requirements with which listed economic entities must comply. For example, the disclosure rules in Article 23/1 require each economic entity listed on the market to provide, as part of its own responsibility to the management market during the specified time period determined by the Stock Market Authority (SMA) quarterly, semi-annual, and annual reports on its overall activities and the results of its work. These reports must be comprised of the data revealing its honest financial position, and the entities must publish a comprehensive summary of these reports in two daily newspapers, at least one in the Arabic language. The law also requires, in Article No. 23/1, that all listed economic entities must prepare their financial statements and other financial statements according to accounting standards and auditing rules to be determined or mentioned in the implementing regulations of this law. However, there is no such format in the law for the financial statements.

Previous Related Studies

The disclosure literature reveals that the vast majority of previous disclosure studies have focused on the disclosure practices in annual reports of non-financial companies (Abdul Hamid, 2004; Linsley et al., 2006). Particularly, the banking sector and other financial institutions are excluded from the sample of most prior disclosure studies, because of the different regulations and specific disclosure requirements applied to financial companies when compared with non-financial companies, which, in all probability, lead to biased results (Choi; 1973, Cooke, 1989b; Raffournier, 1995; Wallace and Naser, 1995; Hossain et al., 1995). Furthermore, almost all financial companies such as commercial banks and insurance companies have different business activities, financial characteristics and natures, which make them, in practice, not fully comparable with other companies (Hossain et al., 1995; Hossain and Taylor, 2007; Hassan et al., 2009).

Only few empirical disclosure studies have sought to measure the level of voluntary information disclosure in the annual reports of banking companies. The first empirical study that attempted to measure the extent of commercial banking disclosure was conducted by Kahl and Belkaoui (1981). They measured the overall extent of disclosure adequacy by 70 commercial banks selected from 18 countries located in the non-communist world (US 16,

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Sweden 3, Holland 1, Finland 1, Norway 1, UK 11, Germany 3, Singapore 1, Denmark 2, Australia 2, France 2, Switzerland 3, Austria 1, Italy 1, Canada 10, Japan 10, Spain 1 and Brazil 1). The commercial banking disclosure level was measured through a weighted disclosure index, consisting of 30 items of information. Disclosure index information items were selected based on investment, financial and accounting literature, and the researcher's perceptions of information items that had relevance for the bank stock investors' decision-making. Their results revealed that the level of information disclosure in the annual reports of commercial banks differs from country to country.

Another empirical study by Hossain and Taylor (2007) investigated the extent of voluntary disclosure in annual reports of 20 domestic private banks in Bangladesh. A total of 45 voluntary disclosure items were identified and the un-weighted disclosure method was employed in order to measure the voluntary disclosure score for each bank, in which an item scores one if disclosed and zero if not disclosed. The findings of this study suggested that the extent of voluntary disclosure by banking companies in Bangladesh systematically differ.

In another empirical study, Hossain and Reaz (2007) examined empirically the extent of voluntary disclosure in annual reports of 38 listed banking companies in India. A disclosure index was constructed consisting of 65 items of voluntary information. A disclosure index for each bank was calculated using a dichotomous approach (un-weighted), in which an item scores one if disclosed and zero if not disclosed. Their results indicated that Indian banks were disclosing a considerable amount of voluntary information. It was found also that public sector banks disclosed more voluntary information (38.66%) than private sector banks (31.15%).

In a recent study of banking disclosure, Hossain (2008) conducted an empirical study to investigate the extent of mandatory and voluntary information disclosed in the annual reports of 38 listed banking companies in India. Disclosure indexes used by Hossain (2008) show a total of 184 items of information containing 101 mandatory items and 83 voluntary items that might be disclosed in an annual report. The un-weighted disclosure index methodology was used in the study. Results revealed that India banks on average published 60% of the total disclosure of which 88% were mandatory and 25% were voluntary items.

In a Libyan context study, Kribat (2009) conducted an empirical study to measure the degree of mandatory and the overall information disclosures made by Libyan banks during the period from 2000 to 2006. To measure the disclosures levels, this study develop a checklist included 126 information items that measures both mandatory and voluntary disclosures in the annual reports of a sample of 11 private and government owned banks. Only 8 banks out of 11 banks collected their annual reports for seven years, some banks only had one annual financial report collected over the period of seven years studied. In fact, the reliability of the Kribat (2009) empirical results is questionable, since there was no disclosure requirement imposed in the Libyan's commercial bank at that time of the study. Also, the sample is not homogeneous in relation to the number of annual reports obtained from each bank.

In short, none of the previous studies have examined the overall level of voluntary disclosure in annual reports of listed and unlisted commercial banks longitudinally, and examined the trends of voluntary disclosure practices over time from one year to the next. In particular, a review of the literature of previous research shows that no empirical studies have documented the extent of voluntary disclosure practices in the annual reports of Libyan listed and unlisted commercial banks. Consequently, the current research attempts to fill the existing gap in the

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disclosure studies literature and contribute to ongoing research addressing voluntary disclosure through a longitudinal examination of the extent of voluntary disclosure in the annual reports of Libyan listed and unlisted commercial banks.

RESEARCH METHODOLOGY AND METHODS

Sample Selection

The scope of this study is confined to an evaluation of the voluntary information disclosure in the annual reports published by listed and unlisted Libyan commercial banks. The sample covers the annual reports of seven listed and two unlisted Libyan commercial banks, whose annual reports were available for the six-year period 2006-2011. The sample represents the entire population of the commercial banks listed in the LSM until the end of 2011.The researcher planned to collect the annual reports of the entire population of represented unlisted commercial banks.

The total number of unlisted commercial banks was eight in 2011. Three unlisted banks were excluded from the sample as they were established after 2006, and they had not started their activities at that time; three other unlisted commercial banks were also excluded because their audited annual reports were not available. Therefore, the total number of listed and unlisted commercial banks covered under the study is nine. A copy of the audited annual reports for the years 2006-2011 was collected from each commercial bank[1]. Annual reports for three listed banks were downloaded from the LSM's website, while the annual reports of six banks were collected in person. A final sample of 54 audited annual reports for the fiscal year 2006-2011 was analysed. A list of the commercial banks covered by the current study is shown with their year established and listing status in Table 2.

Table 2: List of the Libyan Commercial Banks Covered by the Study

Commercial Bank's Name	Year Established	Listing Status
1. Sahara Bank	1964	Listed
2. Gumhouria Bank	1969	Listed
3. The National Commercial Bank	1970	Listed
4. Wahda Bank	1970	Listed
5. Commerce and Development Bank.	1996	Listed
6. Mediterranean Bank	1997	Listed
7. Alsaraya Trading and Investment Bank	1997	Listed
8. Alwafa Bank	2004	Unlisted
9. Alwaha Bank	2005	Unlisted

[1] Two commercial banks (National Commercial Bank and Wahda Bank) were not able to publish their annual reports for 2011 due to the 17.02.2011 revolution; they published annual reports of 2012, which were collected and used in this study.

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Choice of the Study Period

The reason for choosing this time period (2006-2011) is that it is expected to give more insights into whether there are any significant changes in the voluntary disclosure levels being linked to the first stock market established in Libya in 2006; the first of its kind was officially founded by Decision No (134) of the General People's Committee (GPCO), on June 3, 2006. The analysis of listed commercial banks annual reports from 2006 allows the exploration of the influence of listing requirements of the LSM, on the level of information voluntarily disclosed by listed banks in their annual reports. In addition, during that period Libya had remarkable and rapid economic development moving from a centrally planned economy to a more market-oriented economy. This made significant changes in the corporate external financial reporting environment in Libya.

Research Method to Measure the Extent of Voluntary Disclosure

Measuring the level of voluntary information disclosure (TVDIS) in the annual reports of each individual commercial bank for each year involves a two-step process. A brief explanation of each step is given below.

Construction of the Voluntary Disclosure Index

The first step is to construct a disclosure index in order to assess the voluntary disclosure level in the commercial banks' annual reports. It is demonstrated in the disclosure literature that a self-constructed disclosure index is a widely used method of collecting data to assess the extent of information disclosure in corporate annual reports (e.g. Singhvi and Desai, 1971; Buzby, 1975; Barrett, 1976; Kahl and Belkaoui, 1981; Chow and Wong-Boren, 1987; Cooke, 1989a, 1991; Raffournier, 1995; Inchausti, 1997; Tsamenyi et al., 2007; Hossain, 2008). Therefore, for the principal purpose of this research, the index approach is considered appropriate.

A major step in the construction of the voluntary disclosure index is the selection of information items that could be disclosed voluntarily by listed and unlisted commercial banks in their annual reports and which are relevant to the Libyan environment. Wallace (1988, p. 354) claims that there is no general theory to guide what should be considered when deciding upon a list of information items for inclusion in a disclosure index.

As the current study focuses on information that is expected to be presented in the commercial banks' annual reports and this information is not compulsory to be disclosed in the annual reports of listed and unlisted Libyan commercial banks, it is assumed that the information represents free choices on the part of commercial bank management to provide financial and non-financial information considered relevant to the decision-making needs of users of their annual reports (Meek et al., 1995). Hence, the selection of voluntary information items for inclusion in the disclosure index that will be employed in this study to measure the extent of voluntary disclosure in annual reports is based on the following criteria:

(i) Information items recommended for banking disclosure by the International Accounting Standards Board (IASB) and other bodies such as the US Financial Accounting Standards Board (FASB), the Basel Committee, and the International Monetary Fund (IMF); the items should not be mandatory for disclosure by any Libyan codes.

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(ii) Information items included in earlier relevant voluntary disclosure studies (i.e. Kahl and Belkaoui, 1981; Abdul Hamid, 2004; Hossain and Taylor, 2007; Hossain and Reaz, 2007; Hooi, 2007; Hossain, 2008; Barako and Brown, 2008, Maingot and Zeghal, 2008).

In addition to two criteria, a review of recently published annual reports and discussion with commercial banks accounting department managers was also used to refine the items included in the voluntary disclosure index. A total of 63 items of information were finally identified as relevant to Libyan commercial banking disclosure and are applicable to all sampled banks. These 63 voluntary information items were then classified into five key categories according to their nature:

(A) Background about the Commercial Bank/ General Information;
(B) Social Responsibility Information;
(C) Financial Ratios and Other Statistics Information;
(D) Accounting Policies, and
(E) Corporate Governance Information.

Table 3 shows the number of voluntary disclosure items under each category. The list of the 63 voluntary disclosure items is comprised in Appendix No. 1.

Table 3: Voluntary Information Categories

Category	Number of Information Items	%
(A) Background about the Commercial Bank/ General Information	11	17.46
(B) Social Responsibility Information	4	6.35
(C) Financial Ratios and Other Statistics Information	21	33.33
(D) Accounting policies	8	12.70
(E) Corporate Governance Information	19	30.16
Total	**63**	**100**

Scoring the Voluntary Information Disclosure Items

The second step in measuring the extent of voluntary disclosure in annual reports for every commercial bank in the sample for each year involves scoring the voluntary disclosure index items. A scoring sheet was designed including the 63 voluntary disclosure items index, to score each of the sample commercial banks on their voluntary disclosure levels. Two main approaches were found to be widely used by earlier disclosure studies to develop a scoring scheme to determine the level of a corporate annual disclosure, these being the weighted scoring approach, and the un-weighted scoring approach (dichotomous scoring approach).

The weighted approach is constructed based on surveys of the perceptions of financial report users. Users are asked to scale their perceived importance of disclosure index items from one to five, one if an item is not important to their decision-making and five if it is very important to their decisions. This approach has been adopted in several previous empirical disclosure studies (e.g. Singhvi and Desai, 1971; Buzby, 1974; Barrett, 1976; Kahl and Belkaoui, 1981; Malone et al., 1993). However, Cooke and Wallace (1989) consider that any scoring approach employed to assign weights to each item of information may be misleading, since the level of

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importance differs according to entities, transaction, the user, industry, country and the time of the study.

The un-weighted approach, in contrast with the weighted method, uses a dichotomous score, in which one point given if an item is disclosed in the annual report and zero if not disclosed. This approach is based on the assumption that each information item in the disclosure index is considered equally important to all users of corporate annual reports. Therefore, the un-weighted approach is less subjective than the weighted approach. Accounting researchers such as Cooke (1989a and 1989b), Cooke (1992), Wallace et al. (1994), Hossain et al. (1995), Akhtaruddin (2005), Ahmed (2006), and Hossain (2008) prefer to use the un-weighted approach to avoid the subjectivity inherent in any individual scoring of disclosure index items. As confirmed by Adams and Hossain (1998, p. 264) "an un-weighted disclosure index was employed because criticisms of the use of weighted disclosure indices are widespread in the academic accounting literature".

Additionally, previous empirical research which has employed both a weighted and an un-weighted scoring technique has indicated that there are no substantial differences to the statistical findings which emerge between the two approaches (e.g. Choi, 1973; Chow and Wong-Boren, 1987; Robbins and Austin, 1986; Wallace and Naser, 1995). For the purpose of this study it therefore, an un-weighted approach was adopted for use, in which if a commercial bank discloses an item of information included in the disclosure index it is assigned a score of 1, and 0 if it is not disclosed. The main reason for adopting this approach in the current study is to avoid the subjectivity inherent in using any weighted scoring approach. Another reason is that the un-weighted scoring approach has been most commonly employed in prior disclosure studies (see e.g. Cooke, 1989b; Hossain et al., 1995; Hossain and Reaz, 2007).

Moreover, one of the main research objectives of the current study is concerned with developments in the levels of voluntary disclosure over the period 2006 to 2011 rather than with the importance of information items to any specific user group. Therefore, the use of a weighted scoring technique is inappropriate in the precise circumstances of this study, since the items of information are to be assigned according to users' perceptions in a particular year. Hence, it may be the case that some or all information items are considered to be very important in one year, but much less important in another.

After the all voluntary disclosure items have been scored, the Total Voluntary Disclosure Index Score **(TVDIS)** for each of the 54 annual reports from the commercial banks in the sample, is calculated as the ratio of the Actual Voluntary Disclosure Score **(AVDS)**, which is awarded to a commercial bank, divided by the Maximum Voluntary Disclosure Score **(MVDS)**, which that particular commercial bank is expected to earn. The Total Voluntary Disclosure Index Score for each commercial bank for each year **(TVDIS)** is calculated as follows:

- The Actual Voluntary Disclosure Scores **(AVDS)** for per commercial bank in the sample of the study in each year is additive as:

$$\boxed{\mathbf{AVDS} = \sum_{j=1}^{n} dj}$$

Where,

AVDS = Actual Voluntary Disclosure Score for per commercial bank.
Dj = 1 if the **j** information item is disclosed in the annual reports.

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dj = 0 if the **j** information item is not disclosed in the annual reports.
n = the total of information items which a bank is expected to disclose.

- The Maximum Voluntary Disclosure Score **(MVDS)** that an individual commercial bank is expected to earn is calculated as follows:

Where,

MVDS = Maximum Voluntary Disclosure Score.
n = the number of information items in the voluntary disclosure index expected to be disclosed, where n ≤ 63

$$\boxed{\mathbf{MVDS} = \sum_{j=1}^{n} dj}$$

- Therefore, the Total Voluntary Disclosure Index Score **(TVDIS)** for the individual commercial bank for each year is calculated as follows:

$$\boxed{\mathbf{TVDIS = AVDS \div MVDS\ (100\%)}}$$

TVDIS for the individual commercial bank for per year (its value range from zero to one) **=** Actual Voluntary Disclosure Score **(AVDS)** ÷ Maximum Voluntary Disclosure Score **(MVDS)**. The fraction is then multiplied by 100 to convert to per cent and rounded up to the nearest whole number. A commercial bank with higher value of disclosure score demonstrates the greater extent of voluntary information disclosure in its published annual reports.

ANALYSIS AND FINDINGS

The Extent of Total Voluntary Information Disclosure

As discussed in section (4.3), to measure the extent of total voluntary information disclosure in annual reports for each of the nine listed and unlisted commercial banks for the six years of the study, a self-disclosure scoring sheet comprising 63 voluntary disclosure index items divided into five information categories was designed and then the dichotomous procedure was applied to get a commercial bank's disclosure score, i.e. **TVDIS** for each year studied.

The voluntary disclosure scores per commercial bank for each year are displayed in Table 4 as percentages of the **TVDIS** measured in each commercial bank's annual report for the six years (2006-2011). Descriptive statistics of **TVDIS** for each year are presented in Table 5.

Table 4: The TVDIS for Each Commercial Bank over the Six-Year Period

No.	Commercial Bank Name	MVDS	TVDIS%**						Pooled TVDIS %
			2006	2007	2008	2009	2010	2011	2006-2011
1.	Sahara Bank	63	32	33.3	54	56	56	57.1	48
2.	Gumhouria Bank	63	41.2	44.4	60.3	67	70	70	59

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3.	National Commercial Bank	63	22.2	25.4	41.2	65.1	65.1	67	48
4.	Wahda Bank	63	40	41.2	59	62	62	63.4	55
5.	Commerce and Development Bank	63	22.2	26	49.2	54	56	56	44.1
6.	Alsaraya Trading and Investment Bank	63	8	11.1	19.1	24	24	25.4	19
7.	Mediterranean Bank	63	19.1	19.1	24	25.4	30.1	37	26
8.	Alwaha Bank*	63	16	16	22.2	24	29	32	23
9.	Alwafa Bank*	63	10	10	25.3	27	27	32	22
Total			23.3	25.4	39.3	45	46.4	49	38

* Unlisted commercial banks

**TVDIS% = (Actual voluntary disclosure score (AVDS)/ Maximum voluntary disclosure score (MVDS) %), which means the relative disclosed scores received by each commercial bank.

Table 4 shows that the highest mean disclosure index score over the six years was 59%, achieved by Gumhouria Bank (listed), and the second mean highest index score was 55%, again reported by listed commercial bank (i.e. Wahda Bank). As also shown in the table, the lowest mean voluntary disclosure index score during the six years surveyed was reported by Alsaraya Trading and Investment Bank (listed), which obtained 19%. Remarkably, in 2006, National Commercial Bank and Commerce and Development Bank both obtained the same disclosure scores (22.2%). Again, in 2009, Alsaraya Trading and Investment Bank (listed) and Alwaha Bank (unlisted) reported the same disclosure level (24%).

In addition, in 2010 Sahara Bank and Commerce and Development Bank gained the same disclosure score (56%). Interestingly, in 2011, Alwaha Bank and Alwafa Bank (unlisted) reported the similar disclosure level (32%) out of 63 voluntary disclosure index scores. In short, the analysis of voluntary disclosure scores suggests that the extent of voluntary disclosure by Libyan commercial banks has increased noticeably during the six years studied (see Figure 1).

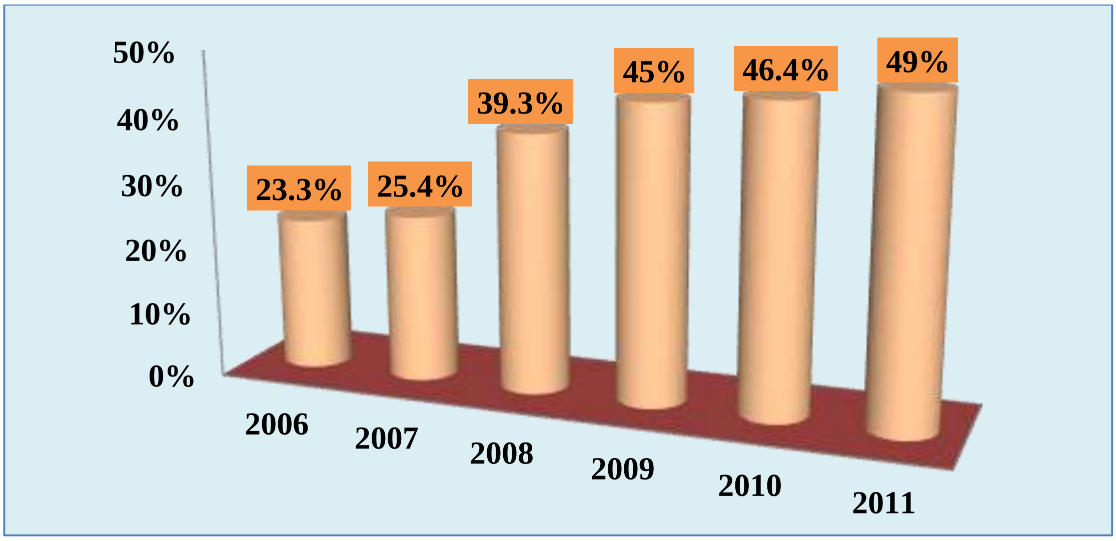

Figure 1: The Extent of TVDIS during the Six-Year Period (2006-2011)

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Table 5: Descriptive Statistics of TVDIS over the Six Years

Total Voluntary Disclosure Index Scores over the Six Years (TVDIS %)							
Years	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**Pooled %**
Mean	23.3	25.4	39.3	45	46.4	49	**38**
Standard Deviation	12.1	12.6	16.9	19.2	18.6	17.2	**18.6**
Median	22.2	25.4	41.3	54	56	56	**42.3**
Minimum	8	10	19.1	24	24	25.4	**8**
Maximum	41.3	44.4	60.3	67	70	70	**70**

Table 5 shows that the mean total voluntary disclosure index score (TVDIS) for the total sample of Libyan commercial banks across the six years is approximately 38%, with a minimum of 8% and a maximum of 70%. In 2006, the mean and median values for the TVDIS score were 23.3 % and 22.2% respectively, with standard deviation of 12.1. However, the TVDIS shows increases in the mean and median values of 49%, and 56% in 2011, with minimum and maximum at 25% and 70% respectively. It is also interesting to note that most of the listed commercial banks have improved the extent of their voluntary disclosure levels after their listing in the LSM (2007).

Overall, there is a fair variation in the voluntary disclosure scores obtained by Libyan commercial banks over the six-year period. Analysis also suggests that there is wide variation in the voluntary disclosure scores for listed commercial banks compared to the disclosure scores for unlisted commercial banks over the period under investigation. However, such a conclusion should be taken with more caution since the unlisted commercial banks number only two, which represented 20% of the total sample.

The Development of the Extent of Total Voluntary Disclosure Over Time

To explore whether there were any significant developments in the quantity of information provided voluntarily by Libyan listed and unlisted commercial banks in their annual reports during the time from 2006 to 2011. Table 6 illustrates developments and changes in the commercial banks' extent of voluntary disclosure over the period of the six years.

Table 6: Developments in the extent of TVDIS over the period 2006-2011

Year	TVDIS (Mean Scores %)	Differences Among Years	Changes in TVDIS % (Yt-Yt-1)*
2006	23.3	2006-2007	2.1
2007	25.4	2007-2008	13.9
2008	39.3	2008-2009	5.7
2009	45	2009-2010	1.4
2010	46.4	2010-2011	2.6
2011	49	2006-2011	25.7

***Yt**: Mean total voluntary disclosure score (TVDIS) in the following year, whereas **Yt-1**: Mean total voluntary disclosure score (TVDIS) in the previous year.

The Extent of Voluntary Disclosure by Information Categories

As was explained in section (4.3.1), the 63 voluntary disclosure index items were classified into five information categories according to their nature. This was done in order to review the extent of voluntary disclosure in the annual reports of Libyan commercial banks in more detail. These information categories are (A) background about the commercial bank/ general information (11 items); (B) social responsibility information (4 items); (C) financial ratios and other statistics information (21 items); (D) accounting policies (8 items), and (E) corporate governance information (19 items).

The highest possible disclosure score for each of the categories measured is eleven for background about the commercial bank/ general information category, four for social responsibility information category, twenty-one for financial ratios and other statistics information category, eight for accounting policies category, and nineteen for corporate governance information category. The following subsections will provide descriptive statistics for the five categories of voluntary information disclosed in annual reports of Libyan commercial banks during the period 2006-2011.

Category A: Background about the Commercial Bank/ General Information

This first information category (A) displayed in the voluntary disclosure index contains 11 voluntary disclosure items expected to be disclosed in the commercial bank's annual reports. The results of this study revealed that the total average disclosure score for this information category over the six years was 62.4%. The average disclosure score ranged from 28.8% (Alsaraya Trading and Investment Bank) to 84.8% (Gumhouria Bank). Results also show that two listed commercial banks have achieved the same score value over the survey period, namely Sahara Bank and Commerce and Development Bank (75.7%).

Moreover, the results indicate that the average of items disclosed by all Libyan commercial banks in the sample was about seven disclosure items in 11 information category items, which is considered reasonably acceptable. More specifically, Gumhouria Bank (listed bank) disclosed the highest number of information items at around nine items, followed by Sahara Bank and Commerce and Development Bank (listed banks) which on average disclosed eight items of this category. In contrast, the lowest disclosed information items was 3 items made by Alsaraya Trading and Investment Bank (listed bank), followed by Alwaha Bank (unlisted), 4 items. Again, the results show, during 2006-2011, there were slight improvements in the overall average disclosure scores over the six years from 46.4% in 2006 to 71.7% in 2011. It is worth mentioning here that there was no change in the total average disclosure score value achieved by disclosing commercial banks (71.72%) between 2010-2011.

To sum up, over the period of six years, the average voluntary disclosure scores for each of the commercial bank sampled had increased, excepting one bank i.e. Alwaha Bank (unlisted), whose voluntary disclosure score remained the same value (36.3%) throughout the period studied. In general, the majority of Libyan commercial banks provided information on background about the commercial bank (general information) to external users in their published annual reports. However, there were many very large variances among the commercial banks' disclosure levels relating to the background information.

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Category B: Social Responsibility Information

Social Responsibility is the second information category (B) appearing in the self-constructed voluntary disclosure index; it comprises four voluntary disclosure items expected to be reported by management of Libyan commercial banks in their annual reports. Social responsibility disclosure, according to Branco and Rodrigues (2006, p. 245) "refers to the disclosure of information about companies' interactions with society, and it is an important instrument in the dialog between business and society".

Overall, the study found that Libyan listed and unlisted commercial banks did not release any social disclosure information to the general public over the six year period studied in their published annual reports, with one exception: one commercial bank out of nine banks (Commerce and Development Bank) had disclosed one information item out of four items in this category during the six years. More precisely, the total average social disclosure score value of all sampled commercial banks over the six years studied was relatively very poor (0.5%), with the voluntary average disclosure score value ranging from the lowest at 0.00 % to the highest at 4.2%. One of the possible reasons for this very poor level of social responsibility disclosure is that the top management of Libyan commercial banks do not seem to accept the policy of revealing social information to external stakeholders.

Generally, this suggests that those preparing Libyan commercial banks' annual reports are not paying any attention to this type of information when preparing their external annual reports, in spite of the fact that prior research has demonstrated that banks and other financial companies provide social responsibility information in their annual reports. For instance, Douglas et al. (2004) found that Irish and international banks disclose different volumes of social responsibility information on their published annual reports and their websites as well. Abdul Hamid (2004) has also found that banks and finance companies in Malaysia reported adequate social responsibility information in their annual reports.

A further empirical study by Branco and Rodrigues (2006) revealed that the Portuguese banks disclose a considerable amount of social responsibility information in their annual reports and their websites. A more recent study by Hossain and Reaz (2007), who empirically investigated the extent of voluntary disclosure by listed banking companies in India, found voluntary information such as corporate social disclosure disclosed in the annual reports in the Indian banks to an acceptable level.

Category C: Financial Ratios and Other Statistics Information

This third information category (C) within the voluntary disclosure index includes 21 items of information. All of these information items are applicable to disclosing commercial banks and are expected to be revealed in their annual reports to the public. The findings indicate that the total average disclosure score over the period of the study (2006-2011) for the entire sample was 41.3% (an average of 8.7 items of the 21 category items). In particular, in 2006 (24.8%), 2007 (25.9%), 2008 (41.8%), 2009 (49.7%), in 2010, (51.8 %), and 2011 (54.5%) it was the highest total score. Gumhouria Bank has the highest disclosure score (65.8%), followed by Wahda Bank (57.9%), Sahara Bank (55.5%), and National Commercial Bank (53.1%).

The remaining sampled commercial banks have average disclosure scores ranged between 16.6% and 41.2%. The lowest average disclosure score (16.6%), was reported by Alwafa Bank (unlisted) over the six years studied. The analysis also shows that Libyan commercial banks,

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over the period of the study, disclose on average about nine items of the 21 category information items. Specifically, the average of disclosed items for all sampled banks in 2006 and 2007 was about five items, but in 2008 was around nine items, and in 2009, 2010, and 2011 was approximately 11 information items.

In general, the average value score for this category varied between 16.67% and 65.8% for the lowest and highest Libyan commercial banks' disclosures respectively. In addition, the scoring results point out that the highest disclosure scores were attained over the study period by listed commercial banks. Thus, Libyan listed commercial banks appear to voluntarily disclose in their annual reports more on financial ratios and other statistics information than unlisted.

Category D: Accounting Policies

Accounting policies is the fourth information category (D) in the self-constructed voluntary disclosure index, and includes eight voluntary disclosure items which are expected to be disclosed by those preparing Libyan commercial banks' annual reports. The commercial banks' accounting policies are essential to understanding and interpreting the financial results reported in the annual report (Scotiabank Annual Report, 2012).

The findings show that the Libyan commercial banks disclose over the six-year period on average 28.7%, with the total average number of disclosed items being 2.3 of the eight category items. The highest average score achieved was 64.5% (Gumhouria Bank (listed)), while the lowest score gained was 0.0% (Mediterranean Bank (listed)). The results also show that over the six-year period (2006-2011), only four commercial banks in the sample (i.e. Sahara Bank, Gumhouria Bank, National Commercial Bank, and Wahda Bank) disclose at least one item related to their accounting policies. However, none of them disclosed the category's total information items (8 items) in their annual reports. It also indicated that no disclosure was made during the six years by Mediterranean Bank (listed) about its accounting policies.

Furthermore, the results indicate that another commercial bank (i.e. Alsaraya Trading and Investment Bank) did not disclose any information relating to its accounting policies within its published annual reports for the years 2006-2010, with the exception of the year 2011, when only one item out of eight information items was disclosed by the bank. From the above analysis, it is evident that most information items under this category were rarely disclosed by the sampled commercial banks in their annual reports.

There are certain reasons for low-level disclosure of these items in this category. The most important reason for those preparing Libyan commercial banks' annual reports not disclosing this type of information in their annual reports might be a lack of regulatory enforcement in the country. In addition to this, the high cost of preparing and disclosing information to the public is also a possible reason that may prevent the management of commercial banks from providing such kind of information.

Category E: Corporate Governance Information

This is the final information category (E) appearing in the self-constructed voluntary disclosure index; it contains nineteen items of information which are expected to be disclosed voluntarily in the annual reports of Libyan commercial banks. Disclosing information on corporate governance can be used as a signal of the transparency of commercial bank management to external stakeholders.

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The results of this study show that listed and unlisted Libyan commercial banks on average voluntarily disclosed about six items of the total of this category's information items (19 items). The average highest number of disclosed items was about 9 items out of 19 information items, which was reported by Commerce and Development Bank (listed), while a lower average number of disclosed items was about one item (Alsaraya Trading and Investment Bank (listed)).

The findings also show that over the period of the study (2006-2011), the average total scores regarding the disclosure of corporate governance information was relatively low (31.6%). The highest disclosure score value (49.1%) was achieved by Commerce and Development Bank (listed), while the lowest value score (7%) was attained by Alsaraya Trading and Investment Bank (listed).

In particular, the results from this study indicate that, during the six years studied (2006 - 2011), there were moderate increases in both the average disclosure scores and the average number of disclosed items within this category. More precisely, the total average disclosure score and the total average number of disclosed items were 17.5% (3 items) in 2006, 22.8% (4 items) in 2007, 32.7% (6 items) in 2008, 36.8% (7 items) in 2009, 38% (7 items) in 2010 and 42.1% (8 items) in 2011. It can be concluded that the majority of the sampled commercial banks (listed and unlisted) do not disclose adequate corporate governance information in their published annual reports.

This outcome is not surprising as it results from a lack of financial reporting and disclosure regulation as well as the absence of legal enforcement in the country. In comparison with similar prior studies in other countries, the quantity of corporate governance information provided in the annual reports of Libyan listed and unlisted commercial banks from 2006 until to 2011 was not encouraging. For example, in a developing country, Hossain and Reaz (2007) reported that listed banking companies in India disclosed an adequate level of voluntary information related to corporate governance in their annual reports. A more recent relevant study in a developed country by Maingot and Zeghal (2008) indicated that Canadian banks disclose a large volume of information related to corporate governance, covering a total of 54 items.

Table 7 summarises the descriptive statistics of voluntary disclosure scores of the five information categories over the six-year period of the study, while Figure 2 illustrates the extent of voluntary disclosure of the five information categories over the study years, 2006-2011. From Table 7 and Figure 2 it can be noted that there is a varied dissimilarity in the range of the voluntary mean disclosure scores in each of the five information categories over the six years.

Among the five categories of voluntary disclosure, background about the commercial bank/ general information (category A) has the highest overall mean disclosure score, which was approximately 62.4%; it was followed by financial ratios and other statistics information (category C, 41.4%), corporate governance information (category E, 31.7%), and accounting policies (category D, 28.7%), but social responsibility information category (B) has the lowest average voluntary disclosure score of 0.5%.

More specifically, the background about the commercial bank/ general information (category A) has a minimum disclosure score of 28.8% and a maximum disclosure score of 86.3%, while social responsibility information (category B) has a minimum disclosure score of 0.0% and a

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maximum disclosure score of 4.1%. Financial ratios and other statistics information (category C) has a minimum disclosure score of 16.6 %, and a maximum disclosure score of 65.88 %.

Accounting Policies (category D) has a minimum disclosure score of 0.0 % and a maximum disclosure score of 64.5 %. The minimum voluntary disclosure score for the final category (E) i.e. corporate governance information was 7 % and a maximum disclosure score was 49.13 %. In general, the disclosure of the five information categories has improved over the six-year period of the study; however, the variances between them were relatively much greater.

As can be seen from Table 7 and Figure 2, there is a slight improvement in the extent of general information disclosure (category A) over the six years; the mean disclosure score value is 46.4 %, 48.4%, 66.6%, 69.7%, 71.7% and 71.7% for the six-year period from 2006 to 2011, respectively. On the other hand, the extent of the social responsibility information (category B) disclosure has shown no improvement during the six years, and remained the lowest disclosed category in the current study. In addition, the extent of voluntary disclosure related to financial ratios and other statistics information (category C), as illustrated in Figure 2, has improved over the six years; the mean disclosure score was 24.8% in 2006, but in 2011, the disclosure score value reached 54.5%.

It can also be seen from Figure 2 that the extent of annual voluntary disclosures about the accounting policies (category D) over the period of the study has increased, with the exception of the fiscal year (2007); the voluntary mean disclosure was 12.5% in 2006, but in 2007 its score has dropped to 11.1%, then it improved continually to reach the score value 41.6% in 2011. Moreover, as could be seen from Figure 2, there was a reasonable increase in the extent of corporate governance information (category E) disclosure over the six years, with its score ranging from 17.5 % in 2006 to 42.1% in 2011.

In summary, the previous five subsections have analysed the extent of voluntary disclosure by information categories. Overall, there were gradual increases in the quantity of the voluntary information provided by those preparing Libyan listed and unlisted commercial banks' annual reports over the six years studied. However, the credibility of such information is still in doubt and is difficult to determine without further examination.

It is appears from the analysis that the Libyan commercial banks' managers are more motivated to disclose additional information related to the background about the commercial bank/ general information than others types of information. In contrast, they have no incentive to provide social information in their published annual reports. The analysis also shows that those preparing Libyan listed and unlisted commercial banks' annual reports disclosed certain information voluntarily about financial ratios and other statistical information, their accounting policies, and corporate governance, but the amount of information they provided in their published annual reports to the public is still insufficient.

Table 7: Summary of the Descriptive Statistics of Voluntary Disclosure Scores by Information Categories

Information Categories	**Mean Percentage Score**						**Pooled**	**Minimum Score%**	**Minimum Score%**
	2006	**2007**	**2008**	**2009**	**2010**	**2011**			
A. Background about the	46.4	48.4	66.6	69.7	71.7	71.7	**62.4**	28.8	86.3

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Commercial Bank/General Information									
B.Social Responsibility Information	0.0	0.0	0.0	2.7	0.0	0.0	**0.46**	0.0	4.1
C. Financial Ratios and Other Statistics Information	24.8	25.9	41.8	49.7	51.8	54.5	**41.4**	16.6	65.8
D. Accounting Policies	12.5	11.1	29.1	37.5	40.2	41.6	**28.7**	0.0	64.5
E. Corporate Governance Information	17.5	22.8	33.3	36.8	38.1	42.1	**31.7**	7.1	49.1

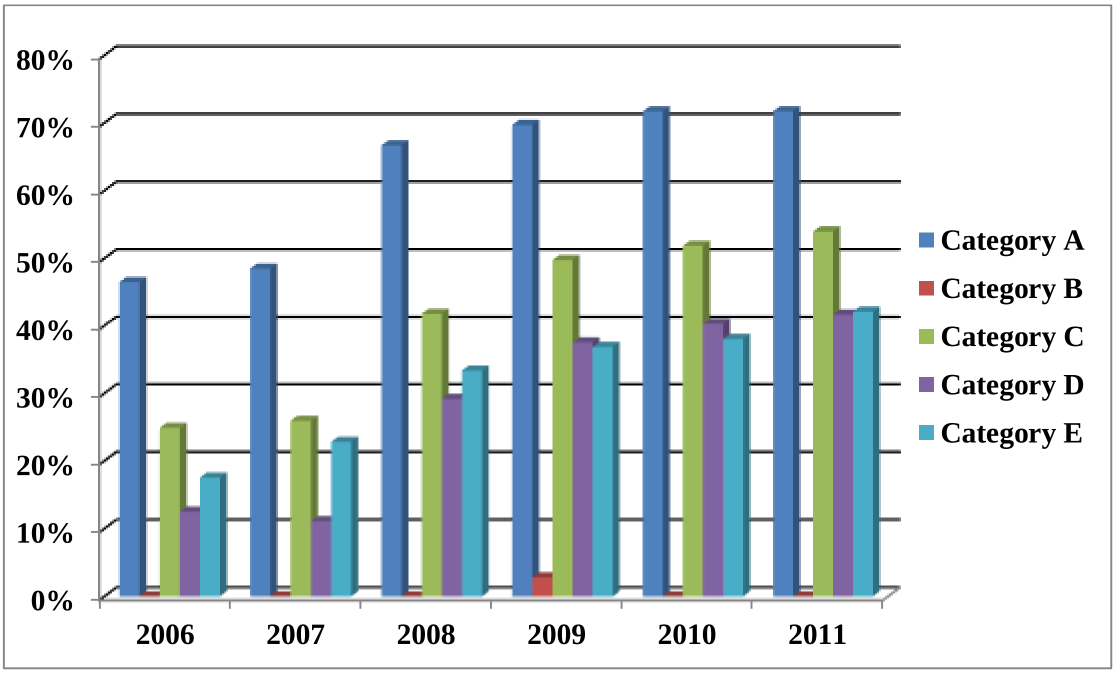

Figure 2: Extent of voluntary disclosure information categories

Comparison of the Results of this Study with Previous Studies

This section compares the analysis findings reported in the current study with the results reported in similar studies conducted in different countries, either developing or developed. As has been indicated in the section 3, very few previous empirical disclosure studies have focused on the extent of banking voluntary disclosure, since most of the prior earlier disclosure studies have excluded banks and other financial institutions from their samples. "Financial services companies such as banks and insurance companies were excluded because their specific financial characteristics, affect their information disclosure" (Hassan et al., 2009, p. 88). However, comparison with other studies will not be realistic for some reasons. First, these prior empirical studies have had different numbers of information items in the self-constructed

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disclosure index and different information categories items, as pointed out by Citro (2013, p. 200) “prior studies have showed a great variation in the construction of a disclosure index, principally referred to the type of information disclosed and the number of items of information included in the index”.

In addition, most previous research evaluated the aggregate disclosure level (mandatory and voluntary) in the annual reports of listed banking companies only, and no clear results about the extent of voluntary disclosure were reported (e.g. Hossain, 2008). More importantly, the majority of prior relevant research measured the extent of banking voluntary disclosure for one year only (e.g. Hossain and Taylor, 2007; Hossain and Reaz, 2007).

Besides, as pointed out in the section 3 of this paper, there are very limited academic studies assessing the extent of voluntary disclosure in annual reports of banks; however no results have been reported by some of these published studies relating to general levels of voluntary disclosure scores. For example, Hossain and Taylor (2007) measured the extent of voluntary disclosure of a sample of banking companies in Bangladesh, but no results were reported relating to the voluntary disclosure score.

Furthermore, a study by (Kribat, 2009) examined empirically the extent of aggregate financial disclosure (mandatory and voluntary) in Libyan banks’ annual reports. This study found that only 54% of information items were disclosed on average by sample banks (with a range of 39% to 67%). However, as a study result it can hardly be interpreted since there was no clear distinction made between the results of the extent of mandatory and voluntary disclosure levels.

Only two studies found in the empirical disclosure literature reported direct evidence about the extent of banking voluntary disclosure (i.e. Hossain and Reaz, 2007; Agyei-Mensah, 2012). Hossain and Reaz (2007) found that, on average, the extent of voluntary disclosure in annual reports of Indian’s banks was 34.7%, while Agyei-Mensah (2012) found that the mean value of the disclosure index score was 71%. However, the empirical results of these studies cannot be directly compared with the results of the current study because of the time period and the different types and number of information items measured. As the above discussion attests, the results of this study can be seen as primary evidence taking into account the development of voluntary disclosure practices by listed and unlisted banks over a period of time.

SUMMARY AND CONCLUSIONS

This study has two main purposes. The first purposes is to measure the extent of voluntary disclosure provided in the annual reports of Libyan listed and unlisted commercial banks over the period of time from 2006 to 2011. The second purpose is to examine whether there has been any significant improvement in the levels of voluntary disclosure provided in the annual reports over the period of the study.

Overall, the results of the current study show that the mean total voluntary disclosure index score (TVDIS) for the total sample of Libyan listed and unlisted commercial banks across the six years is approximately 38%, with a minimum of 8% and a maximum of 70%. In 2006, the mean and median values for the TVDIS score were 23.3 % and 22.2% respectively, with standard deviation of 12.1. However, the TVDIS shows increases in the mean and median values of 49%, and 56% in 2011, with minimum and maximum at 25% and 70% respectively.

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The research results also indicate that there is a varied dissimilarity in the range of the voluntary mean disclosure scores in each of the five information categories over the six years. Additionally, the findings from this study show that among the five categories of voluntary disclosure, background about the commercial bank/ general information (category A) has the highest overall mean disclosure score, which was approximately 62.4%; it was followed by financial ratios and other statistics information (category C, 41.4%), corporate governance information (category E, 31.7%), and accounting policies (category D, 28.7%), but social responsibility information category (B) has the lowest average voluntary disclosure score of 0.5%.

However, there is a slight improvement in the extent of general information disclosure (Category A) over the six years; the mean disclosure score value is 46.4 %, 48.4%, 66.6%, 69.7%, 71.7% and 71.7% for the six-year period from 2006 to 2011, respectively. On the other hand, the extent of the social responsibility information disclosure has shown no improvement during the six years, and remained the lowest disclosed category in the current study. In addition, the extent of voluntary disclosure related to financial ratios and other statistics information has improved over the six years; the mean disclosure score was 24.8% in 2006, but in 2011, the disclosure score value reached 54.5%.

It is appears from the analysis that the Libyan listed and unlisted commercial banks' managers are more motivated to disclose additional information related to the background about the commercial bank/ general information than others types of information. In contrast, they have no incentive to provide social information in their published annual reports. The analysis also shows that those preparing Libyan commercial banks' annual reports disclosed certain information voluntarily about financial ratios and other statistical information, their accounting policies, and corporate governance, but the amount of information they provided in their published annual reports to the public is still insufficient.

LIMITATIONS, CONTRIBUTIONS AND SUGGESTIONS FOR FURTHER RESEARCH

Like to most previous disclosure research, there are several limitations of the present research. One of the limitations of the research is that the disclosure index used to measure the voluntary disclosure level was only limited to 63 items. The empirical evidence obtained from this research may be determined by the type or the number of voluntary information items included in the disclosure index.

Second, this study has only focused on the voluntary information disclosed in the commercial banks' annual reports, though managers of commercial banks may use other means to disclose their financial and non-financial information, such as quarterly and interim reports, the Internet, bank circulars, and financial press releases. Thus, further research can be undertaken to investigate the extent of voluntary disclosure published in quarterly financial reports or on the level voluntary information provided through commercial banks' websites.

Thirdly, this study has measured the voluntary disclosure level in the annual reports of both listed and listed Libyan commercial banks. The sample size of the study was 9 commercial banks, 2 unlisted and 7 listed. Listed commercial banks in the LSM were all represented in the current study sample, while only two unlisted commercial banks out of eight were represented

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in this study population sample, because there was difficulty obtaining six years' worth of annual reports for the six unlisted commercial banks at the time of the study. Hence, the conclusions and implications extracted from the empirical evidence in the present study may not be generalised to the rest of Libya's unlisted commercial banks. Further research is needed to cover all unlisted commercial banks.

Lastly, this study was limited only to one particular country and one specific sector. Thus, further research could be undertaken to compare the extent of voluntary disclosure practices in Libyan commercial banks with the voluntary disclosure practices of commercial banks in other countries in general, and in developing countries in particular.

Despite the limitations indicated above, the present study provides up to date empirical evidence and addresses the dearth of academic literature in the area of banking industry disclosure. In addition, the empirical findings of this updated study probably provide useful and significant information for banks managers, bank regulators, the Central Banks, international institutions, government agencies, financial analysts, researchers, and potential local and foreign investors, to help them to assess the transparency level and the amount of information available from Libyan listed and unlisted commercial banks for their decision-making processes, especially since there are no enforced accounting and auditing standards in the country. Additionally, the outcomes from the current study can make a prevailing contribution to improve transparency in the banking sector in developing countries in particular, especially those with limited information or lack of financial transparency.

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Appendix No. 1: Disclosure Index of Voluntary Information Items

A. Background about the Commercial Bank/ General Information (11)	
A1.1	Brief narrative history of the bank
A1.2	Description of bank Structure
A1.3	Description of major services produced
A1.4	The legal form of the bank
A1.5	Address of Bank/telephone/fax
A1.6	Bank Website address
A1.7	Email address
A1.8	Date and details of establishment
A1.9	General outlook of business activities
A1.10	List of branches location
A1.11	Information on branches/telephone/fax/ adders for correspondence
B. Social Responsibility Information (4)	
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B1.2	Information on donations to charitable organisations
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C. Financial Ratios and Other Statistics Information (21)	
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C1.4	Return on equity
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C1.6	Earning per share
C1.7	Capital adequacy ratios
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C1.9	Total dividends
C1.10	Dividends per share for the period
C1.11	Breakdown of employees by geographic area
C1.12	Categorise of employees by gender
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C1.19	Disclosure half-yearly Balance Sheet statement
C1.20	Disclosure half-yearly profit and loss account statement
C1.21	Cash flow statement
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D1.3	Foreign currency transactions, translation and differences treatment
D1.4	Events after the balance sheet date
D1.5	Disclosure of accounting standards uses for its accounts

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D1.8	Treatment of contingent liabilities
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E1.4	Duties of board of members
E1.5	List of senior managers (not on the board of members)/ senior management structure
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E1.8	Picture of all senior managers/ board of members
E1.9	Picture of chairperson
E1.10	Information about changes in board members
E1.11	Classification of managers as executive or outsider
E1.12	Details of senior managers and board of members remuneration
E1.13	Statement of percentage of total shareholder of 20 largest shareholders
E1.14	A review of shareholders by type
E1.15	Number of shares held by managers
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E1.17	Number of board of members meetings held and date
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