# CHAPTER ONE

# INTRODUCTION

## 1.1 Background of the Study

International Financial Reporting Standard (IFRS) is the blueprint, pivot and cornerstone for the preparation and presentation of financial statements for corporate entities to ensure standardization, globalization and credibility of financial reports across international borders. Financial statements are vital in showing the financial status and performance of corporate entities. Statements of Accounting Standards (SAS) were hitherto used as guide in the preparation and presentation of financial statements in Nigeria prior to the adoption of International Financial Reporting Standards (IFRS) in 2012. Thus IFRS represents a benchmark for the preparation and presentation of financial statements for business entities in Nigeria post 2011.

IFRS which are issued by the International Accounting Standards Board (IASB) ensures standardisation and globalization of financial statements by corporate bodies. Osisioma (2012) surmises that accounting profession was terribly rocked by a series of professional misadventures that tore at the heart of the discipline with financial scandal in Enron, Worlddown, Global Crossing, Xerox, Deutsche, Telekon, Qwest, Waste management, Viuendi, Centrica, Royal Dutch/Shell and Tyco all through the United States, Europe, Asia and the Caribbean while in Nigeria we had African petroleum, Cadbury among others. Nobes (2011) affirms that international differences in financial reporting create problems because many users assess companies on a comparative basis internationally. Reconciliation from one set of generally accepted accounting principles (GAAP) to another (especially to US GAAP) were common until 2007, and they revealed significant difference between countries. A standard reporting system for listed companies would address these problems. There would be disadvantage if the whole world had to adopt US GAAP. Therefore, IFRS have been developed instead. Chukwu & Okoye (2016) affirm that the IFRS, issued by the International Accounting Standards Board (IASB), is increasingly becoming the preferred accounting regime among companies in African countries. Zeff (2007) in Odia (2015) surmises that the accelerated trend of globalization, internationalization of capital market, increasing cross boarder listing and the need for comparability of financial reports accelerated the elimination of international diversity in accounting standards and promoted the quest for single accounting standards. Fowokan (2012) highlights that IFRS will bring about the convergence of national accounting standards. Herbert, Loraver, Tsegba, Ohanele & Anyahara (2013) assert that the fast pace of globalization with integration of national financial markets has stimulated the need for a common financial language, otherwise called IFRS because good financial reporting makes investment and financial decisions more efficient. Armstrong, Mary, Alan & Edward (2010) highlight that the increasing growth in international trade, cross border financial transactions and investments which unavoidably involve the preparation and presentation of accounting reports that are useful across various borders have brought about the adoption of IFRS by both the developed and developing countries. Also Okpala (2012) posits that IFRS adoption is already an issue of global relevance among various countries of the world due to the quest for uniformity, reliability and comparability of financial statements of companies. Hung (2001) asserts that financial reporting is thus not an end in itself , but is intended to provide information that is iced in making reasoned choices among alternative uses of scarce resources in the conduct of business and economic activities. The premise of the IFRS is to make financial reports more transparent, comparable, harmonious and reliable. The IFRS represents a global or world GAAP and was first adopted by EU in 2005. Thus Institute of Chartered Accountants England and Wales (ICAEW) (2014) emphasizes that increased comparability produces benefits in two ways. Understanding financial reporting imposes a cost on investors, and they may therefore be deterred from investing in companies that employ financial reporting systems which they are not already familiar with. If firms in different countries adopt a common system, investors are more likely to understand the financial statements of firms in these countries and therefore be willing to invest in them. Therefore increasing international comparability is expected to lower barriers to cross – border investments.

Financial reporting is the mirror which stakeholders use to assess company's performance. Chinwuba & Killian (2011) affirm that IFRS are a principle based set of standards that establish broad rules and also dictates specific treatments. Also, Cai & Courtenay (2014) posit that the IFRS are the best breed, high quality and principle based reporting standards that removes many allowable accounting alternatives. International Accounting Standard Board (IASB) (2008) highlights that the primary objective of IFRS based financial reporting is to provide high quality financial reporting information concerning economic entities, primarily financial in nature, useful for economic decision making. The evaluation of any corporate entity and its economic activities is very vital in the assessment of the entity's' performance. The management of corporate entities provides evidence of stewardship showing how resources entrusted at their care have been utilized through the publication and presentation of financial statements and reports. Hence financial reporting has become the fundamental base upon which investors and other users rely on to make investment decisions and to evaluate corporate performance. To ensure that such reports meet the needs and requirements of both national and international financial users, several standards and regulations have evolved overtime. However, due to differences in cultural, legal, political and other factors among nations thereby leading to differences in regulatory standards and difficulty in assessing the performance of multinational corporations, there arose a need to harmonize and converge into an acceptable single set of standards IFRS to provide a good ground for global financial reporting and help international market participants. Nigeria has not been left out of the global moves towards this single set of worldwide regulations and standards. Consequently, the Nigeria Federal Executive Council approved 1st January, 2012 as the effective date for convergence of accounting standards in Nigeria with IFRS. The NASB now referred to as FRC announced a staged implementation of IFRS with the expectation that all publicly quoted entities are to implement IFRS commencing from January 2012 and ending January 2014. The adoption of IFRS – a guideline created by IASB, is intended to strengthen the financial reporting frameworks of firms in Nigeria. Financial Reporting Council of Nigeria was empowered to regulate standards in Nigeria under Financial Reporting Council Act of 2011.

The IFRS are standards and frameworks adopted by the International Accounting Standards Board (IASB) with a view towards the convergence, harmonization and internationalization of financial reporting globally. Invariably, IFRS is seen as an international GAAP and standards set to assist those involved in the preparation of financial statements all over the world to prepare and present financial reports that are seen to be of high quality, transparent and comparable internationally by both national and multi - national investors. IFRS are seen to be more detailed than Nigeria standards which were issued in early 1980s with no update in recent times and due to the continuous increase in Multinational companies investments, lot of developing countries (including Nigeria) have began to use IFRS for their domestic listed companies. In Europe and around the world, the adoption of International Financial Reporting Standards represents the most important change in accounting regulation in recent years. The IFRS is seen as a standard that produces a “Network Effect” as it helps to foster increased comparability of financial statements by multinational investors.

In Nigeria, the banking industry is believed to be one of the leading sectors capable of propelling economic development of the nation. It provides funds for capital market participants and promotes investment. Hence an increase in investments in the banking sector is expected to lead to an improvement in the performance of the economy. However, for any investor to commit funds to the industry, relevant financial reporting information must be provided regarding the performance of such entity. The financial statements and reports can only provide such a guide and satisfactory information to potential and prospective investors through effective regulations and standards. In line with this, the Nigerian banks and other public entities in the financial service industry that are required by law to file returns to regulatory authorities were mandated to adopt IFRS since January, 2012. Prior to the mandatory adoption of IFRS by banks in Nigeria, the Companies and Allied Matters Act (CAMA, 1990) as amended till date, Banks and Other Financial Institution Act (BOFIA 1999) as amended, Central Bank of Nigeria Act (CBN Act 1999), Nigerian Security and Exchange Commission Act of 2003 as well local and international standards including professional pronouncements must be complied with by banks in the preparation and presentation of their financial reports. For instance, Part 1, Schedule 2 of CAMA 1990 outlines the form and content of published corporate financial reports. Nowadays, as earlier stated, all banks financial reports must be presented and published in conformity with the requirements of IFRS. According to Iyoha & Faboyede, (2011), the widespread adoption of IFRS has been promoted by those who proposed that the benefits are far more than the costs. This notwithstanding, many countries have faced tremendous challenges following their decision to adopt IFRS. Following the adoption of IFRS in Nigeria, all commercial banks listed on the Nigeria Stock Exchange were mandatorily required to prepare and present their financial reports under IFRS by January, 2012. Since then, there were high expectations that this adoption will improve the quality of financial reporting, improve corporate performance of banks, attract more investors and improve the reporting framework in Nigeria. Although there are studies conducted in Nigeria on the mandatory adoption of IFRS in Nigeria, several studies actually researched on the effect of such adoption on the performance of the banking sector. Hence with few years after its adoption and due to dynamic nature of IFRS, country specific, period specific, industry specific and sample specific this research study intends to use robust performance indicators to investigate the effect of IFRS adoption on the performance of banks listed on the Nigeria Stock Exchange (NSE).

## 1.2 Statement of Problem

IFRS effects vary from country to country and firm to firm. IFRS is country, firm and period specific. Institute of Chartered Accountants England and Wales (2014) asserts that on many issues that arise from the European Union's adoption of IFRS, the evidence is unclear and different researchers arrive at different answers. This is usually because they have applied different tests or looked at different samples or at different periods. But such apparent contradictions make it difficult for the reader of research to draw conclusions. Often the results are unclear because of confounding factors. The adoption of IFRS in the EU was not a laboratory experiment. The world outside continued to change as IFRS came into effect in the EU and some of the changes were induced by the EU itself as it sought to reform its financial services and capital markets. Disentangling the effects of all these changes is one of the challenges of accounting research, and different researchers arrive at different conclusions as to which changes had which effects. In a bid to ensure that financial reports are prepared in such a way that it provides adequate and relevant information it is important that the preparers are provided with a basic framework that will guide the preparation of such statements. Several studies have been carried out to examine the extent to which IFRS improve financial reporting quality and provides additional information to users. The findings from these studies however showed conflicting results. Iyoha & Faboyede, (2011), emphasis that financial statements apart from providing information on the financial position of an entity, also provides other information such as cost of equity financing, cost of debt financing, liquidity and profitability position of the firm, amongst others. However, Armstrong, Mary, Alan, Edward & Riediel (2010) highlight that single set of accounting standards cannot reflect the differences in national business practices arising from differences in institutions and culture.

Multinational investors want financial statements and reports that are comparable with those in other parts of the world for making strategic decision. As such, many foreign investors will require their subsidiaries in Nigeria not to present their reports in local standards but to report in accordance with IFRS so that the parent company can comply with the reporting requirements in its domain territory. It is expected that following IFRS adoption by the Nigerian Banks, the complications of the subsidiaries having to prepare different sets of records for reporting locally and internationally will be reduced, thereby facilitating business compliance globally. Before the global convergence to International Financial Reporting Standards (IFRS), different countries of the world have had their respective accounting standards, developed, issued and regulated by their respective local bodies. In Nigeria for instance, the Nigerian Accounting Standards Board (NASB) was responsible for developing, issuing and regulating accounting standards since 1982 till July 20th, 2011 when the Financial Reporting Council Bill was signed into law. Therefore, prior to IFRS adoption, the pattern of financial reporting varies amongst nations and regions. Kamal & Bhuiyan, (2003) posit that this variation impedes accountability and comparability of financial reporting among different countries. Hence, the International Financial Reporting Standards (IFRS) was developed as a result of the necessity for standardization. Indiael (2015) reveals that the existing empirical crams and conclusions on the impact of IFRS on corporate entities are mixed. This indicates the pressing need for empirically tested studies of this nature that are country specific.  Blanchett Franchois & Girard (2011) assert that while the means and medians of IFRS ratios differ from the mean and medians of the same ratios under the pre-change-changeover Canadian GAAP, the difference are not statistically significant at all.  Also Asian (2015) opiums that despite a considerable interest in the effectiveness of accounting standards on the quality of financial reporting, empirical literature emerged that offers contradictory findings about the question to what extent accounting standards contribute to the decision usefulness of financial reporting information. Saidu &Umar (2014) highlight that the financial crises in the late 1990s, caused the international community emphasized on the major role that the observance of international standards and codes of best practices can play in strengthening national and international financial systems.

Mayer (1990) states that, the financial report of one organization if honestly and sincerely prepared, could serve as the basis in making a comprehensive and comparative assessment of its operations with like company. However, Chiha & Hamza (2013) assert that empirical accounting studies have been conducted to examine the extent to which IFRS provides additional relevant information and improve the information content of financial statements prepared in accordance with these standards. These studies have mixed results. Thus Soderstrom & Sun (2007) emphasize that the mixed findings can be partly explained by the influence of country specific factors. Hence the adoption of a common set of accounting standards across the globe may not improve quality of financial reporting homogeneously in each company and country because of other factors such as financial reporting incentives, legal systems and political systems that may affect accounting quality. The relevance of financial reporting is in its ability to ascertain and present the result of the economic activities of an entity in monetary terms in an objective and justifiable manner. Prior researches have produced inconsistent and mixed findings and consequent upon the gap in literature arising from the conflicting views on the impact of IFRS adoption on financial reports in Europe, Asia and other regions, this study thus provides evidence from the Nigeria perspective by studying the effect of such mandatory adoption on the performance of listed banks in Nigeria. ICAEW (2014) find increased liquidity following mandatory IFRS adoption for firms in France and Germany, but report mixed findings for UK and Swedish firms. IFRS annually changes, therefore the effects found by one research will not always continue to apply indefinitely. Effects of IFRS varies from firm to firm and country to country. Previous findings are mixed hence the impetus for this study on listed banks in Nigeria.

Ball (2001) premises that country specific factors such as the presence of an independent legal system, a strong accounting profession, the separation of financial reporting for public interests and taxation, and corporate ownership and governance structures all play role in creating an efficient public accounting disclosure environment. Nobes (2011) surmises that there are many opportunities for IFRS practices to differ from company to company and from country to country. For example, different versions of IFRS arise because most countries introduce delays or changes when implementing IFRS: in addition, there are options within IFRS. For several reasons, it can be expected that a company will continue with many of its previous accounting policy choices when it first adopts IFRS. Thus the country and industry specific nature of IFRS made this research imperative for Nigerian banks. Therefore this study ascertained the effect of IFRS adoption on performance of listed deposit money banks in Nigeria.

## 1.3 Objectives of the Study

The main objective of this study is to empirically ascertain the effect of IFRS adoption on the performance of listed banks on Nigerian Stock Exchange (NSE).

Other specific objectives are;

i. To ascertain the effect of IFRS adoption on return on equity of listed deposit money banks in Nigeria.

ii. To evaluate the effect of IFRS adoption on earnings per share of listed deposit money banks in Nigeria.

iii. To assess the effect of IFRS adoption on net profit margin of listed deposit money banks in Nigeria.

iv. To determine the effect of IFRS adoption on gross earnings of listed deposit money banks in Nigeria.

## 1.4 Research Questions

Based on the objective of the study, the following research questions are pertinent;

i. What is the effect of IFRS adoption on return on equity of listed deposit money banks in Nigeria?

ii. To what extent does IFRS adoption affect earnings per share of listed deposit money banks in Nigeria?

iii. How does IFRS adoption affect net profit margin of listed deposit money banks in Nigeria?

iv. What is the effect of IFRS adoption on gross earnings of listed deposit money banks in Nigeria?

## 1.5 Research Hypotheses

To lend empirical credence to this study, the following research hypotheses are formulated;

**$Ho_1$:** IFRS adoption has no significant effect on return on equity of listed deposit money banks in Nigeria.

**$Ho_2$:** IFRS adoption has no significant effect on earnings per share of listed deposit money banks in Nigeria.

**$Ho_3$:** IFRS adoption has no significant effect on net profit margin of listed deposit money banks in Nigeria.

**$Ho_4$:** IFRS adoption has no significant effect on gross earnings of listed deposit money banks in Nigeria.

## 1.6 Significance of the Study

Following the harmonization and convergence of accounting standards globally and the adoption of IFRS in Nigeria especially by the banking sector in the year 2012, the benefits accruing from this study are enormous and significant as it used more robust performance indicators to empirically investigate the aggregate effect of such mandatory adoption on the performance of the banking sector in Nigeria. Hence, this study will be significant in the following ways;

i. It will help capital market participants to understand the relevance of IFRS in improving financial reporting quality through profitability.

ii. It will provide a framework for Financial Reporting Council of Nigeria and Central Bank of Nigeria to effectively understand how IFRS adoption has affected the activities of the banking sector through the findings and recommendation.

iii. The study will also serve as a reference point for future scholars who want to carry out a study on International Financial Reporting Standards through empirical review and findings.

## 1.7 Scope of the Study

The scope of this study is limited to the banking sector especially the commercial banks listed on the Nigerian Stock Exchange. It is limited only to the effect of IFRS on listed commercial Banks performance using two variables to measure such effect. The period of coverage is ten (10) years (2007 -2016), thus cutting across the 5 years before adoption (2007 - 2011) and 5 years post IFRS adoption era (2012 – 2016).

## 1.8 Limitations of the Study

In the course of this research, the following limitations were identified and resolved:

a. Dynamism in environment: Changes in events, institutions and anticipated markets after the adoption of IFRS may likely compound the effect of IFRS on the variables under study. This was controlled by selecting population and sample of the same characteristics.

b. Reliability of secondary data: The secondary data used were obtained from financial statements prepared by the banks as required by Companies and Allied Matter Act (CAMA), Banks and other Financial Institutions Act (BOFIA), International Financial Reporting Standard (IFRS), Nigeria Deposit Insurance Corporation (NDIC) and other regulatory bodies. Thus the degree of reliability and credibility of the financial statements is anchored on the Auditors report.

In spite of these limitations, statistical tests were used to accommodate the effects of these limitations thereby making the research reliable.

## 1.9 Operational Definition of Terms

- **Financial Reporting Council of Nigeria (FRCN).** This council was established by Financial Reporting Council of Nigeria Act of 2011. It replaced the Nigerian Accounting Standards Board (NASB). FRCN has the legal authority to establish financial reporting standards for both public and private companies and organizations in Nigeria.

- **Standards.** They are set of rules regulations and guidelines for the preparation and presentation of financial statements.

- **International Accounting Standards Board (IASB)**. This is the body that set the international Financial Reporting Standards globally.

- **International Financial Reporting Standards (IFRS).** These are set of international rules and guidelines for the preparation and presentation of financial statements across the globe.

- **Capital investment efficiency**. This refers to efficient capital allocation which means capital flows to its most highly valued use.

- **Profitability**. Pandey (2004) affirms that profit is the difference between revenue and expenses over a period of time (usually one year. Thus this represents the ability of firms to earn profits.

- **Cost of capital**. Hansen (2007) highlights that cost of capital is the rate of return that is necessary to maintain market value of firms. Also referred to as hurdle rate, cut – off rate or minimum required rate of return, Pandey (2004) asserts that cost of capital is the overall or average required rate of return on the aggregate of a firm's investment projects.

- **Liquidity.** Hansen (2007) defined liquidity as the ability of firms to use its current assets to meet up its current liabilities as they fall due. Pandey (2004) opines that liquidity means the convenience and speed of transforming current assets into cash or transforming assets from one person to another without any significant loss of value. Cash is the most liquid asset as it can be readily converted into any other asset, or transferred to another person without any decline in value.

- **Earnings management**. Healey & Wahlen (1999) surmise that earnings management occurs when managers use judgments in financial reporting and in structuring translations to alter financial reports to either mislead some stakeholders about underlying economic performance of the company or to influence contractual outcomes that depend on reported accounting numbers.

# CHAPTER TWO

# REVIEW OF RELATED LITERATURE

## 2.1 Conceptual Review

### 2.1.1 Premise of International Financial Reporting Standards

Accounting practices are generally guided by sets of guidelines and rules which are compiled into accounting standards. The premise of accounting standards is to ensure uniformity and comparability of financial statements. These standards are regulatory statements of principle that guides how a particular item/ items or transaction is treated and disclosed. Before the year 2012, the Statements of Accounting Standards (SAS) was used in accounting practice in Nigeria. They are local accounting standards issued in Nigeria by the Nigerian Accounting Standard Board (NASB) till 2011. Section 335(1) of the Companies and Allied Matters Act of 1990 mandates all companies in Nigeria to prepare financial statements in compliance with the Statement of Accounting Standards (SAS) developed and issued by NASB as amended periodically. The Nigerian Accounting Standards Board Act of 2003 provided the legal framework under which NASB set accounting standards. As enshrined in the Act (2003), the primary functions of NASB were to develop, publish and update Statements of Accounting Standards to be followed by companies when they prepare their financial statement, and to promote and enforce compliance with the standards.

However, Umoren & Enang (2015) emphasize that the advent of the financial crises in late 1990s led the international community to emphasize the major role of the observance of international standards and codes of best practices in order to strengthen global financial systems. The international community called for the preparation of Reports on the Observance of Standards and Codes (ROSC), an assessment of the degree to which an economy observes internationally recognized standards and codes. Although the Nigerian Statements of Accounting Standards (SAS) are similar to IFRS in certain respects, many differences exist.

In Nigeria, The Central Bank of Nigeria (CBN) regulates the activities of the banking sector. The CBN has authorized only 27 deposit money banks to transact business in Nigeria. Out of these only 15 banks are listed on the Nigerian Stock Exchange. A Stakeholders' Committee on the Roadmap to the Adoption of IFRS in Nigeria was inaugurated on October 22, 2009. Following this, the Nigerian listed banks and other public and significant public interest entities were required to adopt IFRS for years beginning on or after January 1, 2012. Among the listed companies, the listed banks were the first to complete the transition and have adopted the standard for their reporting.

Accounting standards are rules and guidelines for the preparation and presentation of financial statements. Hence, with the adoption of International Financial Reporting Standards in Nigeria in 2012, the financial reporting council of Nigeria (FRC) is now the body vested with the responsibility of ensuring the adoption and application of IFRS. NASB (2010) affirms that it will be in the interest of the Nigerian economy for reporting entities in Nigeria to adopt globally accepted, high quality accounting standards by fully converging Nigerian national accounting standards with IFRS by following a phased transition effective January 1st, 2012.

Ogiedu (2011) surmises that IFRS are a set of accounting principles, more focused on objectives and principle based that is rapidly gaining acceptance on a worldwide basis as it is expected to apply equally to financial reporting by public companies.

The International Accounting Standards Board (IASB) (2006) Framework highlights that The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an entity that is useful to a wide range of users in making economic decisions. The statements so prepared also show the results of the management's stewardship to the owners. For the benefit of outside investors and other stakeholders, companies listed on the stock exchange are required to make more financial statement disclosure more than companies that are privately owned.

The International Accounting Standard (IAS) defines the minimum level of disclosure in corporate annual reports expected by regulatory forces and they are stated in distinct sections of each standard and prescribe what information should be presented in the financial statements. In that regards IFRS represents the optimum medium for financial reporting; thus Herbert, Tsegba, Ohanele & Anyahara (2013) assert that financial reporting plays a key role in economic development nationally. Globally, it is a prime facia indication of its impact in ensuring a strong investor confidence which is vital to the optimal functioning of financial markets and consequently to economic development.

However, Armstrong, Barth, Jagolinzer, & Riedl, (2010), opine that despite the belief by some of the inevitability of the global acceptance of IFRS, it is believed that GAAP still remains the necessary standard, and that a certain level of quality will be lost with full acceptance of IFRS. Also Ocansey & Enahoro (2014) affirm that globalization of the world's economy and markets lead companies and nations to become world global players. Glautier & Underdown (2001) opine that the need for the imposition of standards arose because of the lack of uniformity existing as to the manner in which periodic profits were measured and the financial position of the enterprise represented. Street, Gray & Byrant (1999) assert that the use of a single global accounting standard will reduce peoples investment risk and save firms cost of capital by allowing investors to make more efficient decisions. Okoye & Ezejiofor (2014) surmise that the adoption of IFRS in Nigeria will enhance the credibility of financial statements that will also provide a basis for assessing the strength of a corporate entity across the globe and that will command lots of attraction from foreign investors hence, is a welcome development in Nigeria economy.

Benston & Wall (2005) opine that accounting standard setters set rules with the aim of providing decision useful information for general purpose users of financial statements particularly investors. Okoye & Ezejiofor (2014) surmise that accounting standards ensure that important matters regarding preparation and presentation of financial statements as well as auditing same are not left to the whims of the preparers and auditors. Earnings management is a term often used to describe a situation where the manager who is responsible for the preparation and presentation of the financial statements has more information than other stakeholders.

Ewert &Wagenhofer (2012) surmise that this is a practice often used when regulators tight accounting standards to limit earnings management. As earlier stated, the mandatory adoption of a set of high quality standards, like the IAS/IFRS are, is expected to reduce the earnings management.

Barth, Landsman & Lang (2008) pointed out that the IASC and the IASB made steps to remove many alternative accounting treatments that are allowed in previous standards. This reduction of possible alternatives should limit the possibility for managers to choose between accounting treatments, with the only goal of reaching their own interests.

Evidence from previous studies regarding the adoption of IFRS and accounting quality is mixed. Chua & Taylor (2008) emphasize that accounting quality may be conceptualized in three major contexts: on capital market effects on cost of equity capital or measures of liquidity and on attributes of analysts forecasts. Barth *et al.* (2008) observe that 21 countries adopting IAS evident less earnings management, more timely loss recognition, and more value relevance of accounting amounts than matched firms adopting non-US domestic standards. Thus they conclude that firms adopting IAS evidence an improvement in accounting quality.

Tendeloo & Vanstraelen (2005), using a sample of 636 firm-year observations of German listed companies adopting IFRS within the periods 1999-2001, observed that IFRS-adopters do not present different earnings management behavior compared to companies reporting under German GAAP. Jeanjean and Stolowy (2008) examined the effect of mandatory introduction of IFRS on earnings management in Australia, France and UK. They found that earnings management did not reduce in the sampled countries after the adoption of IFRS rather it increased in France.

Ismail, Kamarudin, Zijl & Dunstan (2013) emphasize that most existing studies on IFRS and earning quality was conducted using data from US and European countries and that there are limited studies that associate IFRS and earning management in developing countries like Nigeria. Also Capkun, Collins & Jeanjean (2013) opine that results of empirical works in this area are mixed and imprecise such that no single direction on whether IFRS is sufficient to override manager's incentives to engage in earning management. Indiael (2015) in his findings reveal that the existing empirical studies and conclusions thereon are mixed, inconsistent and difficult to generalize. This indicates the pressing need for country specific empirically tested studies of this nature.

ICAEW (2014) surmise that available evidences suggest that adoption of IFRSs shows an improvement in the efficiency of corporate investments. Gordon, Loeb and Zhu (2012) assert that IFRS adoption cannot inform investment inflow without considering the level of development of the affected countries. Hence, for IFRS adoption to improve investment, the level of development of the countries must be considered.

### 2.1.2 Overview of Bank's Performance in Nigeria

The banking sector plays a vital role in the economic growth and development of a nation. Ismail (2010) surmise that Banks in Nigeria are characterized by high competition, huge deposits and varied investment opportunities. As a result of the consolidation of the banking system completed in 2005, Nigeria witnessed growth in the banking sector. Banks expanded very rapidly, raising large amounts of new capital and attracting large volumes of new deposits. These were in turn deployed to fund enormous growth in the banks loan portfolio. Nzotta (2014) surmise that Banking sector is the dominant sector in the Nigerian financial service industry and the most vibrant component because whatever difficulties it passes through affects the entire economy greatly. Nwala & Adebayo (2016) highlight that there is significant difference between the performance of pre and post banking consolidation in Nigeria. They assert that post consolidation era contributes immensely to the performance of Nigerian banks.

Uchendu (2005) assert that the banking system promotes economic growth and development through the process of financial intermediation. The success of the system in performing this role is predicated on the soundness of the system. Before the banking system reform in 2004, the Nigerian banking system would be anything but sound. The system was characterized by preponderance of weak banks, persistent illiquidity, under capitalization, high level of non performing loans and poor corporate governance. Gunther & Zoltan (2011) surmise that the global financial crisis has raised the importance of financial reporting in the banking industry once again.

### 2.1.3 IFRS and Corporate Profitability

Financial reporting is seen as the framework through which capital market participants view the performance of corporate entities. Rusnak (2009) surmise that the management of business performance is relevant as business responds to the demands and opportunities of IFRS adoption.

Inchaustic (1997) assert that Corporate managers are usually reluctant to give detailed information about a non-profitable outlet or product, hence they might decide to disclose only a lump profit attributable to the whole company.

From the perspective of agency theory, it can be said that due to better performance of companies, management is more likely to disclose detailed information to the public than management with poor performance in order to avoid undervaluation of company's' shares. It can also be argued that unprofitable companies will be inclined to release more information in defense of poor performance.

The results of previous studies concerning the association between profitability and mandatory disclosures using one or more of these measures are rather mixed. Owusu-Ansah &Yeoh (2005) indicate a significant positive association. Zeghal, Chtourou & Fourati (2012) in their study find that the adoption of IFRS can improve the quality of financial reporting, with the specification that IFRS are able to lower earnings management, improve the timeliness, conditional conservatism, and value relevance. Various studies on IFRS have been carried out, but the focus of research on the adoption of IFRS on the level of profitability is still mixed.

Profit is very vital and essential for the growth and survival a business enterprise. A business entity will fail where it fails to make profit. Profit is also important to potential and existing investors as they also expect on return on their investment.

Nzewi (2009) affirms that profit is the ultimate output of a business firm and any firm that fails to make sufficient profit has no future. Ajanthan (2013) asserts that profitability is a measure of the amount by which company's revenues exceed it's relevant expenses. Paul, Bhowmik, Islam, Kaium & Masud (2013) assert that profitability ratios mean a class of financial paremeters or indices that are used to assess a business ability to generate earnings as compared to it's expenses and other relevant costs incurred in a period.

**Return on equity (ROE):** This is used to measure how much the bank is earning after tax for each cash that is in wested in shareholders, equity of the company. Van Horne (2005) emphasizes that ROE indicates the profitability to shareholders of the firm after all expenses and taxes.

### 2.1.4 Effects of IFRS Adoption on Gross Earnings of Listed Banks

Gross earnings represent revenues from operations. Growth assesses how companies use assets to generate revenue. Under IFRS, important financial performance figure, such as profitability and gross earnings are vital in assessing performance.

## 2.2 Theoretical Framework

The relevant theoretical theories related to this study are:

**(a) Stakeholders Theory**

This study adopts the stakeholders theory as the fundamental theory upon which this research is anchored on Ian Mitroff propounded the stakeholders theory in 1983. A stakeholder is seen as a person or group that can affect or be affected by how an entity conducts its operations. The stakeholder theory looks at the relationship between an organization and others in the environment. In other words, it looks at the interaction of internal and external factors and its influence on the conduct of corporate activities. The principal reason behind the stakeholder's theory is that organizations can survive longer and perform better when they manage their stakeholder relationship effectively. The stakeholder's theory offers a model which is an instrumental framework for investigating the relationship between firm performance and the practice of management. In relation to regulatory standards, the stakeholder's theory is seen as a conceptual framework for good business ethics as it addresses moral and ethical values in the management of an organization.

Stakeholder theory defines the enterprise as an entity through which numerous and diverse participants accomplish multiple but not always congruent purposes. (Donaldson & Preston, 1995). Clarkson (1994) defines stakeholders as persons, or entities who either voluntarily or involuntarily becomes exposed to risk from the activities of a firm. John & Senbet (1998) made a comprehensive review of corporate governance, with a particular focus on the stakeholder theory. The authors note the presence of many parties interested in the wellbeing of the firm and that these parties often have competing interests.

Corporate firms are often bound by their obligations to its stakeholders and this usually helps them create new moral obligations. This study is investigating empirically the impact of IFRS adoption on corporate performance and stakeholder's theory is a relevant anchor for this study as it suggests that the purpose of a business is to perform very well and create more values for its stakeholders. By managing efficiently the interest of the stakeholders, executives will also create as much value as possible for shareholders and other providers of capital. Hence this theory really explains one of the motives for firms IFRS adoption globally in their financial statements. The stakeholder's theory is the theory that this study will hinge on because it recognizes all users of accounting information such as debtors, creditors, financial analyst, government, the public, employers and employees.

George & Karibno (2014) asserted that, if organizations want to be effective, they will pay attention to all and only those relationships that can affect or be affected by the achievement of the organization's purpose. Akinlo & Iredele (2014) surmised that the stakeholder theory asserts that corporation's continued existence requires the support of the stakeholders and their approval must be sought and the activities of the corporation adjusted to gain that approval.

### (b) Agency Theory

The agency theory propounds a contract between the principal and agent where the principal directs the agent to perform some task on his behalf. (Jensen & Meckling, 1976) An agent sometimes may not act in the best interest of the principal but strives to satisfy his own interest. Agency theory was propounded by Stephen Ross and Bary Mitnick in 1973.

The agency theory posits that in the presence of information asymmetry the agent (the directors and managers) is likely to pursue interests that may hurt the principal, or shareholders. This holds that the demand for quality audit work is necessitated on the reasonable compensation for the auditor and the need to handle conflict of interest amicably (Jensen& Mackling 1976). This theory applies to the relationship between managers and equity holders as well as explicit recognition of other parties interested in the well being of the firm (John & Senbert 1998). This work is anchored on the stakeholder's theory because it recognizes all users of accounting information such as debtors, creditors, financial analyst, government, the public, employers and employees.

## 2.3 Empirical Review

There are lots of growing numbers of researches carried out on IFRS adoption. Hung & Subramanyam (2007) investigated the effect of IFRS adoption on the financial statement and their value relevance for a sample of German listed firms during 1998-2002. By implementing an innovative research design they compared accounting numbers reported under German accounting rules with those under IAS for the same set of firm years and document how IAS adoption changes key financial measures and the value relevance of financial statement information. They found that total assets and book values of equity as well as variability of book value and net income are significantly higher under IAS/IFRS than under German GAAP. Lambert & Verrchia (2007) investigated the effects that quality of accounting information can influence the cost of capital both directly and indirectly. They found that the effect can go in either direction, but conclude that an increase in information quality can lead to an unambiguous decline in the cost of capital due to the reduction of information asymmetry.

Christensen, Lee & Walker (2007) examined the Cross-sectional variation in the economic consequences of international accounting harmonization: the case of mandatory IFRS adoption in the UK investigated at the effects on a sample of UK companies of changing expectations that they will be required to comply with IFRS. The authors found that the stock-price reaction of UK firms to announcements favourable (unfavourable) to mandatory IFRS adoption is positively (negatively) related to our proxy for UK firms willingness to adopt IFRS.

Palea (2007) examined The effects of the IAS/IFRS adoption in the European Union on the financial industry found on changes in the cost of equity capital for EU banks following mandatory adoption of IFRS. The sample covers 35 banks from seven EU countries, including 18 from Italy and seven from Spain and none from Germany or the UK, and uses quarterly reports for the first three quarters of 2004 and for the first three quarters of 2005. The author found that the cost of equity is lower in the post-IFRS period.

Daske, Hail, Leuz & Verdi (2008) studied 3,100 companies in 26 countries under mandate to adopt IFRS in Mandatory IFRS Reporting around the World: Early Evidence on the Economic Consequences. The objective of the study was to examine the economic effects of IFRS adoption for both voluntary and mandated adopters. The results and conclusion were that a company's adoption of IFRS creates unassailable economic gains in countries with uncompromising regulation over financial reporting. Negash (2008) examined the IAS adoption effect on the Johannesburg Securities Exchange (JSE) listed corporations using a version of the Ohlson model (book value plus earnings and dividends) and applied a four year window period to examine the value relevance of accrual accounting information in pre liberalization (pre IAS adoption period of (1989 – 1993) and post IAS adoption period (1998 – 2004). The study concluded that when scale effects were controlled the difference in panel regression $R^2$ vanished; suggesting that the value relevance of accounting information did not improve in the post IAS adoption period.

Goodwin, Ahmed & Heaney (2008) examined the effect of Australian equivalents to IFRS on the accounts and accounting quality of 1,065 listed firms. The data set was retrospective reconciliations from Australian GAAP to IFRS disclosed in the notes to the accounts. They found that IFRS increased total liabilities, decreased equity and more firms had earnings decrease than increases. The leverage ratio is higher under IFRS.

Daske, Hail, Leux & Verdi (2008) highlighted the economic consequences of voluntary IFRS adoption around the world. By dividing voluntary adopters into label and serious commitment, they found that serious IFRS adopters experience economically and statistically significant reduction in the cost of capital and increments in market liquidity relative to label adopters15. They concluded that there is a strong positive relationship among voluntary IFRS adoption, information asymmetry, and the cost of capital. Barth, Landsman and Lang (2008) examined the association between the application of international accounting standards and accounting quality. The study's sample comprises 1896 firm-year observations for 327 firms (mainly from China, Germany and Switzerland) that adopted IAS between 1994 and 2003. The finding indicates that

IAS – adoption firms recognize large losses more frequently than firms adopting domestic standards.

Zhou & Chen (2008) investigated the influence of the transparency of industry accounting information on industry – level capital allocation based on data from A – share listed companies on the Shanghai and Shenzhen exchanges from 1999 to 2004. They found that industry accounting information transparency exert a significant effect on resource allocation, such that more the more transparent that information is, the higher the efficiency of resource allocation.

Lantto & Sahlström (2009) investigated the impact of IFRS on financial ratios in Finland, by comparing ratios calculated under IFRS and Finnish GAAP for the same time period – the year 2004. They found that liquidity ratios decrease under IFRS, while leverage and profitability ratios increase. Liquidity ratios decrease primarily due to additional current liabilities that result from lease accounting under IFRS (IAS 17). Leverage ratios increase as more liabilities are recognized under IFRS. They presented such results that the adoption of IFRS affects financial ratios of firms in Finland.

Bischof (2009) investigated the effects of IFRS adoption on bank disclosure in Europe looks at the effects of adopting IFRS 7, Financial Instruments: Disclosures, for 171 banks (16 non-EU) in 28 European countries (3 non-EU) for 2006 and 2007. He found that the effects of IFRS 7 adoption substantially vary across countries' and that regulatory activity by national supervisory authorities explains some of these differences.

Guenther, Bernard, Christopher & Ann-Kristin (2009) examined International Financial Reporting Standard and Earnings Quality: The Myth of Voluntary vs. Mandatory Adoption. The study examined at the value relevance of net income and equality book value. They report mixed findings, but state that value relevance did not clearly increase or decrease after IFRS adoption no matter whether IFRS was chosen on a voluntary or a mandatory basis'..

Li (2010) examined the effect of IFRS on the cost of equity in the European Union and found that mandatory adopters of IFRS experience significant reductions in the cost of capital in the years of mandatory adoption, but only in countries with strong legal enforcement.

Chen, Tang, Jiang and Lin (2010) examined the effect of International Financial Reporting Standards on Accounting Quality, using a sample of 21707 firm-year observations drawn from 15 European countries from over 2000 to 2007. The result shows a significant negative association between timely loss recognition and IFRS adoption in both time series data and cross-sectional data.

Kvaal & Nobes (2010) examined the international differences in IFRS policy choice assessed the accounting policy choices and other practices of companies on 16 issues where IFRS allows a choice. The sample comprises 232 companies from five countries: Australia, France, Germany, Spain and the UK.  The authors found different national versions of IFRS practice and show that companies not only have an opportunity to pursue pre-IFRS practices originating in their national GAAP, but also extensively use the opportunity.

Armstrong, Barth, Jagolinzer & Riedi (2010) investigated market reactions to the adoption of IFRS in Europe examined the price reactions to news events affecting the likelihood that IFRS as issued by the IASB would be mandatory for EU companies. Their sample comprises 3,265 firms (7% non-EU) in 18 European countries (two non-EU: Norway and Switzerland), and they look at market reactions to 16 announcements over the period 2002-2005. They also compare the market reactions for the sample firms with those for US firms at the same dates. The authors found an incrementally positive reaction for firms with lower quality pre-adoption information, which is more pronounced for banks, and with higher pre-adoption information asymmetry, consistent with investors expecting net information quality benefits from IFRS adoption.

Alves, Peter & Young (2010) examined the effect of mandatory IFRS adoption in Europe on cross-boarder information transfers. The announcer sample of 6,918 announcements by 2,871 firms from 27 European countries for 1997-2007. The total sample of announcers and non-announcers is 212,272 firm-year observations for 5,764 firms from 30 European countries. The authors results found no evidence of a link between the financial statement impact of the transition to IFRS and changes in the magnitude of cross-border (information transfers) in response to IFRS adoption.

Aharony, Ran & Haim (2010) investigated the impact of mandatory IFRS adoption on equity valuation of accounting numbers for security investors in the EU. They found that the adoption of IFRS has increased the value relevance of the three accounting numbers for investors in equity securities in the EU. They found evidence that the higher the deviation of the three domestic GAAP-based accounting items from their corresponding IFRS values, the greater the incremental value relevance to investors from the switch to IFRS.

Li (2010) investigated changes in the cost of equity capital in the EU following mandatory IFRS adoption. The sample comprises 1,084 firms from 18 EU countries for the period 1995-2006. The number of firms in the sample varies from year to year and averages 488 for the pre-adoption period and 786 post-adoption. The author found that the average cost of capital for mandatory adopters falls from 9.24% to 8.77% after adoption. The author also found that mandatory adopters in strong legal enforcement countries experience a cost of capital reduction of 91 basis points, whereas mandatory adopters in poor legal enforcement countries (which include France and Germany) experience no significant change in the cost of equity capital after 2005.

Horton and Serafeim (2010) investigated Market reaction to and valuation of IFRS reconciliation adjustments: first evidence from the UK. The study examined the value relevance of reconciliation adjustments made by firms to adjust the 2004 comparatives in their 2005 accounts for the differences between UK GAAP and IFRS. In a number of cases, firms announced these adjustments ahead of their first IFRS results. The study revealed significant negative abnormal returns for firms reporting a negative reconciliation adjustment on UK GAAP earnings. Abnormal returns around the reconciliation adjustment are associated with the magnitude of the earnings reconciliation. They also found that 'while the informational content of the positive earnings adjustment is value-relevant before disclosure, for negative earnings adjustments it is value relevant only post disclosure, consistent with managers delaying the communication of bad news until IFRS compliance.

Iyaho &Jafaru (2011), examined the institutional infrastructure and the adoption of IFRS in Nigeria using survey method with questionnaires to elicit the perception of users and preparers of accounting information. Their findings showed that only professional accounting institutions have the relevant infrastructure to cope with the adoption of IFRS in Nigeria.

Byard, Ying & Yong (2011) examined analysts' forecasts for mandatory adopters in Europe for 2003-2006. As a control, they compare the accuracy of these forecasts with those for firms that had already voluntarily adopted IFRS by 2003. The authors found that analysts absolute forecast errors and forecast dispersion decrease relative to control sample only for those mandatory IFRS adopters domiciled in countries with both strong enforcement regimes and domestic accounting standards that differ significantly from IFRS. They also found that for mandatory adopters domiciled in countries with both weak enforcement regimes and domestic accounting standards that differ significantly from IFRS.

Atwood, Michael, James & Linda (2011) investigated the correlations between current earnings and future earnings and future cash flows. The sample is 27,231 firms (56% non-EU) from 25 countries (13 non-EU) reporting under IFRS (voluntary and mandatory). The period covered is 2002-2008. The authors found that earnings reported under IFRS are less persistent and are no more or less associated with future cash flows than earnings reported under non-US (domestic accounting standards). Cairns, Dianne, Ross & Ann (2011) examined the effects of IFRS adoption on comparability for items where IFRS permits or requires fair value measurements. The paper covered comparability within the United Kingdom, within Australia, and between Australia and the UK. The authors found increased comparability within the UK in accounting for property that comes under IAS 16, Property, Plant and Equipment, held-for-trading financial instruments, derivatives and share-based payments.

Jones and Aimee (2011) examined changes in intra-country and intra-industry financial reporting diversity following mandatory IFRS adoption. Their sample covers 23 countries – all but two (Australia and Norway) in the EU. 23% of the 81,560 firm-years sampled are for non-EU companies. The pre-IFRS period covered is 1994-2004 and the post-IFRS period is 2006. They found strong statistical evidence indicating reduced financial reporting diversity across all sampled countries and industries and over most if not all time frames examined. Chen, Hope, Li & Wang (2011) investigated the association between accounting information quality and the investment efficiency of private enterprises in emerging markets. They found that even when accounting information is of poor quality, it still exerts a positive influence on investment efficiency.

Muller, Riedl & Sellhorn (2011) examined Mandatory fair value accounting and information asymmetry: evidence from the European real estate industry. The sample comprises an average of 86 property investment firms (9% non-EU) each year for the period 2003-2007. It covers 14 European countries (two non-EU: Norway and Switzerland). They found that mandatory adoption firms exhibit a larger decline in information asymmetry, as reflected to lower bid-ask spreads. They also found that mandatory adoption firms continue to have higher information asymmetry than voluntary adoption firms, which appears partially attributable to the lower reliability of fair values reported by the mandatory adoption firms.

Khurana & Michas (2011) examined the effects of mandatory IFRS adoption on US home bias in equity investment. The sample comprises 85 countries (25 EU): 22 (four EU) that use IFRS throughout the sample period, 33 throughout the sample period. The period covered is 2003-2007, with each country's year of IFRS adoption committed. The authors found that US investment bias decreases for countries that mandate IFRS adoption, after controlling for country-fixed effects. The authors also found that the reduction in the US home bias after the mandatory adoption of IFRS is greater for countries with larger differences between IFRS and their domestic accounting standards.

Beattie, Fearnley & Hines (2011) studied Reaching Key Financial Decisions: How Directors and Auditors interact. They examined primarily how CFOs, audit committee chairs and audit engagement partners in the UK interact with each other to reach agreement on key financial reporting issues are the financial statements are finalized'. The data comprise 498 questionnaire responses from individuals in these categorizes and nine company case studies. The research was carried out in 2007-2008. The authors found that the introduction of IFRS is not believed to have improved the quality of UK financial reporting, due to excessive complexity and high disclosure volume. This complexity also impedes effective communication with users. IFRS is generally seen as a rules-based system where compliance and box-ticking have become increasingly dominant and judgements based on process, evidence and precedent have tended to replace judgements based on principles such as substance over form and the use, where necessary, of the true and fair view override.

Fiechter (2011) examined the effects of their fair value option under IAS 39 on the volatility of bank earnings. The sample comprises 222 banks from 41 countries using IFRS and covers the period 2006 – 2007. 50% of the sample firms are from the EU. The author found that Banks applying the FVO primarily to reduce accounting mismatches report lower levels of earnings volatility than the control group. The results also indicated that the application of the FVO is a more effective tool to reduce earnings volatility than hedge accounting, in accordance with IAS 39.

Leventis, Dimitropoulos & Anandaranja (2011) investigated Loans loss provisions, earnings management and capital management under IFRS: the case of EU commercial banks, The sample comprises 56 mandatory adopters and 35 voluntary adopters from 18 European countries (one non –EU: Switzerland). The number of Swiss banks included is not disclosed. The period covered is 1999-2008. The authors found that earnings management using loan loss provisions is significantly reduced after IFRS adoption. They also found that earnings management is more pronounced for riskier banks.

Tanko (2012) examined the effect of International Financial Reporting Standards (IFRS) adoption on the performance of firms in Nigeria. He uses a multiple regression model to analyze financial performance measures under the IFRS. The study tests the impact of adoption as it relates to profitability, growth, leverage and liquidity performance. The study found that variability of earnings has decreased which suggest that there was low variability in earnings in the post IFRS adoption period. The study also found large negative net income which signified that IFRS firms recognize losses more frequently in the post adoption period than they do in the pre-adoption period. The study concludes that accounting quality improves after the adoption of IFRS.

Lin, Hua, Lin, & Lee (2012) examined IFRS Adoption and Financial Reporting Quality using value relevance and magnitude of earnings management. The empirical results show that the financial reporting quality got improvement under the amendment towards IFRS adoption.

Chua, Cheng and Gould (2012) examined the impact of mandatory IFRS adoption on accounting quality, using data from 172 firms listed on the Australian stock exchange. The result indicated that firms report large losses in a timelier manner in the post-IFRS adoption period than in the pre-adoption period.

Jarva & Lantto (2012) examined the reconciliations between IFRS and Finnish GAAP for 2004 provided in Finnish mandatory adopters' 2005 IFRS accounts and compare the two alternative earnings figures for 2004 with cash flows for 2005. They then extend the sample to cover data for the periods before and after mandatory IFRS adoption – 1999-2003 and 2005-2009. The sample size is 94 firms. They found that for the reconciliation year 2004 'IFRS earnings provide marginally greater information content than (Finnish GAAP) earnings for predicting future cash flows.

Amiram (2012) investigated the effects of mandatory IFRS adoption on foreign portfolio investments in equities. The full sample covers 104 countries: 59 adopters (including 25 from the EU) and 45 non-adopters. For the main analysis, EU countries comprise 25 of the 51 mandatory adopters. The investment data are for 1997 and 2001-2006. The author found that 'foreign equity portfolio investments (FPI) increase in countries that adopt IFRS. He also found that this relation is driven by foreign investors from countries that also use IFRS. Moreover, the effect of accounting familiarity is more pronounced when investor and investee countries share language, legal origin, culture, and region.

Florou & Pope (2012) examined the effects of mandatory IFRS adoption on the international holding of institutional investors. The test sample of mandatory adopters comprises 3,865 firms (37% non-EU) from 24 countries (six non EU) and the control sample of non-adopters is 6,987 firms from 21 countries, mostly from the US and Japan. The period covered is 2003-2006. The authors found that, after controlling for standard economic determinants of institutional holdings over the two-year period 2005-2006 institutional ownership increases by more than 4 percent and the number of institutional investors increases by almost ten (percent) for mandatory IFRS adopters, relative to non-adopters. They also found that the positive impact of mandatory IFRS adoption on institutional holdings is restricted to countries where enforcement and reporting incentives are strong and where divergence between local accounting standards and IFRS is relatively high.

Schleicher, Tahoun & Walker (2012) investigated IFRS adoption in Europe and investment-cash flow sensitivity: outsider versus insider economies. The sample in the paper comprises firms from two outsider economies (Norway, not in the EU, and the UK) and four insider economies (Greece, Italy, Portugal and Spain) and covers the period 2000-2007. There are 3,387 firm-year observations pre-IFRS and 2,268 post-IFRS. The authors found that the investment-cash flow sensitivity of insider economies is higher than that of outsider economies pre-IFRS and that IFRS reduces the investment-cash flow sensitivity of insider economies more than that of outsider economies.

Yip & Young (2012) examined the effects of mandatory IFRS adoption in 17 European countries (two non-EU: Norway and Switzerland) on comparability. The sample is 6,256 firms (8% non-EU). The period covered is 2002-2007. The authors found that the comparability of accounting information for similar firms from different countries is significantly greater in the post-IFRS period than in the pre-IFRS period using all of the three comparability measures. They also found evidence suggesting that both accounting convergence and higher quality accounting information are likely to be the mechanisms underlying the observed comparability improvement.

Bayelein & Al Farooque (2012) investigated Influence of a mandatory adoption on accounting practice: evidence from Australia, Hong Kong and the United Kingdom. The study found for 12 of the 18 UK companies in their sample that their 2003 accounting policy disclosures do not make it possible to determine what accounting policy they have following for deferred tax. This is no longer the case for any of the 18 companies in 2006.

Chiha, Trabelsi & Hamza (2013) investigated the effect of IFRS on Earnings Quality in a European Stock Market: Evidence from France using association studies. Results indicated that accounting information quality has been improved by the increase of the association degree. Earnings measured using IFRS are more useful for firm's evaluation. Josiah, Okoye & Adediran (2013) examined the Accounting Standards in Nigeria and how far the Board has gone with adoption of International Financial Reporting Standard. The study found that Nigeria will loose without the Financial Reporting Council of Nigeria and adoption of IFRS.

Choi, Ken & Joao (2013) investigated the accuracy of analysts' forecasts for UK mandatory IFRS adopters between 2003 and 30 September 2007 – stopping at that point to avoid the effects of the financial crisis. The sample comprises up to 1,173 firms (varying from year to year).They found that analyst forecasts are more accurate and less dispersed under IFRS than under previous UK GAAP. They identify a transition period when firms report their first results under mandatory IFRS. They also found that this initial post-IFRS period exhibits a less pronounced and less significant effect on the accuracy of analyst forecasts and in the dispersion of forecasts.

Verriest, Ann & Daniel (2013) examined the impact of corporate governance differences on the 2005 accounts of 223 mandatory IFRS adopters (2% non-EU) from 15 European countries including Norway and Switzerland from outside the EU).The authors found that the transparency of IFRS restatements for 2004 from local GAAP to IFRS and compliance with a number of specific IFRS standards for 2005 are both higher for firms with better corporate governance.

Horton, Serafeim & Serafeim (2013) investigated the accuracy of analysts forecasts for mandatory IFRS, voluntary IFRS and non-IFR firms in 46 countries for 2001-2007. The sample of mandatory adopters is 2,235 firms (34% non-EU). The analyst sample is 1,329 individuals.

Second they found that that the increase in forecast accuracy for mandatory adopters is partly driven by comparability effects.

Herbert, Tsegba, Ohanele & Anyahara (2013) investigated adoption of International Financial Reporting Standards (IFRS): Insights from Nigerian Academic and Practitioners using exploratory study techniques. The results showed significant differences between accounting students, lecturers and practitioners with respect to their degree of familiarity with IFRS.

Brochet, Jagolinzer & Ried (2013) investigate mandatory IFRS and financial statement comparability, use evidence on directors and officers share purchases in the companies they work for to assess whether mandatory IFRS adoption increases comparability. The sample for the study is share purchases in 663 UK listed companies for the period 2003-2006. The authors found abnormal returns to insider purchases decreasing following IFRS adoption across all the different return periods reviewed: five days, one month, three months and six months.

Haller & Wehrfritz (2013) investigated the impact of national GAAP and accounting traditions on IFRS policy selection: evidence from Germany and the UK, examined the accounting policy choices under IFRS by German and UK firms in 2005 and 2009. The samples for 2005 are 182 German firms and 192 UK firms. Most of the firms in the German samples are voluntary adopters. For 2005, the authors find significant evidence that firms tend to continue with accounting policies required or predominantly chosen under national GAAP.

Glaum, Schmidt, Street & Voger (2013) examined Compliance with IFRS 3- and IAS 36-required disclosures across 17 European countries: company- and country-level determinants, The authors found evidence of substantial non-compliance, determined by company-and country-specific factors. They also provide evidence that national culture in the form of the strength of national traditions impacts compliance. Amiraslani, Iatridis & Pope (2013) investigated the Accounting for Asset Impairment: A Test for IFRS Compliance across Europe, look at accounting practices on impairment in 25 European countries (two non-EU: Norway and Switzerland) over the period 2006-2011. The samples for different tests vary from 324 firm (10% non-EU) to 4,474 (7% non-EU). The authors found significant variations in compliance with disclosure requirements relating to impairments of non-current non-financial assets.

Haller & Wehrfriz (2013) investigated the impact of national GAAP and accounting traditions on IFRS policy selection: evidence from Germany and UK. The samples for 2005 are 182 German firms and 192 UK firms, and for 2009 213 German firms and 224 UK firms. They found that accounting policy choice under IFRS differs between Germany and the UK for issues where respective national GAAP is different.

Chen, Young & Zhuang (2013) examined 'Externalities of mandatory IFRS adoption: evidence from cross-border spillover effects of financial information on investment efficiency. The sample has 8,857 firm-year observations (7% non-EU) from 17 European countries (two non-EU: Norway and Switzerland) for the period 2000 – 2009. The authors found that the spillover effect of a firm's ROA difference versus its foreign peers, but not domestic peers, on the firm's investment efficiency increase after IFRS adoption. They also find that increase disclosure by both foreign and domestic peers after IFRS adoption has a spillover effect on a firm's investment efficiency.

Hong (2013) examined Does mandatory adoption of International Financial Reporting Standards decrease the voting premium for dual-class shares? The sample is 133 dual-class firms (17% non-EU) from 13 countries (five non-EU). The period covered is 2002-2007. The author found a statistically significantly decrease, following IFRS adoption and relative to non-adopters, in mandatory adopters voting premium.

Amel-Zadeh & Meek (2013) examined Bank failure, mark-to-market and the financial crisis. They examined the possible impact of fair value accounting on the failure in 2007 of the UK bank Northern Rock. The authors found that the failure was attributable to cash flow insolvency, not fair value accounting. Using data for a sample of 125 global financial institutions for the period 2007 – 2009 they did not find evidence that potential mark-to-market write downs on asset-backed securities increase insolvency risk, which is consistent with their findings for Northern Rock and Lehman Brothers.

Okoye & Ezejiofor (2014) assessed the effect of IFRS on stock market performance of banks with a view to measure whether investors expectation is satisfactory is becomes necessary using EPS and interest paid to interest earned as a measure of performance. Findings showed that most of the banks could not generate sufficient interest earnings to cover their interest obligations thereby unable to satisfy investor's expectation; hence the assessment of stock market performance of banks therefore can be used to measure whether investors expectation is satisfactory or not.

Abdul – Baki, Uthman & Sanni (2014) evaluated the effect of IFRS adoption on the performance of firms using some financial ratios selected from four major categories of financial ratios. The study used Mann – Whitney Test in analyzing computed ratios from both financial statements under IFRS and those under Nigeria GAAP (NGAAP). The study showed that the disclosure of IFRS compliant set of financial statements was not attributable to higher performance evaluation of the case firm.

Ibiamike & Briggs (2014) evaluated the impact of IFRSs adoption by Nigerian listed firms using key financial ratios used by investors. A sample of 60 companies was selected using a filter scale. Gray index was used to evaluate the impact of IFRS adoption on financial ratios. Using paired sample T – test and F – test to test the statistical significance under IFRS and NGAAP, their findings revealed that IFRS adoption caused a negative impact on the financial ratios of Nigerian listed firms but the impact was not statistically significant.

Hong, Hung & Lobo (2014) examined the impact of mandatory IFRS adoption on IPOs in global capital market. Their test sample comprises 1,540 IPOs in 2003-2004 and 2006-2007, for firms in 20 countries (six non-EU). They use three benchmark samples from nine countries. The authors found both a statistically and economically significant reduction in IPO under pricing following mandatory IFRS adoption. They also found that the effects of mandatory IFRS adoption on IPO under pricing are greater for firms in countries experiencing large accounting changes and that this relation is more pronounced among firms in countries with strong implementation credibility. Moscariello, Skervatt & Pizzo (2014) investigated Mandatory IFRS adoption and the cost of debt in Italy and the UK. The period covered is 2002-2008. The authors did not find an impact of IFRS adoption on the cost of debt. They found, however, for the

Italian firms, but not for the UK ones, that after IFRS adoption, interest cover becomes significant in explaining the cost of debt.

Adetula, Owolabi & Onyinye (2014) examined international Financial Reporting Standards (IFRS), for SMEs adoption process in Nigeria using descriptive survey design. Findings showed that a major factor, why IFRSs should be adopted by Nigeria is because other countries have adopted them. Gunther G. & Zoltan N. (2011) investigated mandatory IFRS Adoption and Accounting Quality of European Banks using descriptive statistics in multivariate analyses. The results showed that the restriction to recognize only incurred losses under IAS 39 significantly reduces income smoothing.

Okoye, Okoye & Ezejifor (2014) analyzed the impact of the IFRS Adoption on Stock Market Movement in Nigeria Corporate Organization using descriptive design via stock price and shares traded during two years periods. It observed that the adoption of IFRS in Nigeria will enhance credible financial statements that will also provide a basis for the strength of a corporate entity in capital market hence is a welcome development in Nigerian economy.

Sani & Dauda (2014) evaluated an assessment of compliance with IFRS Framework at First-Time Adoption by the Quoted Banks in Nigeria using multivariate regression and chi-square test. The study concluded that, Nigerian banking industry complied semi-strongly with the requirements of IFRS -framework but, the exercise is still faced with some challenges which include: lack of indept IFRS knowledge from the preparers of the financial reports. The study also found amenability, globalization and response to users, needs as factors significantly influencing the compliance level of Nigerian banks with IFRS – framework.

Ocansey & Enahoro (2014) investigated the comparative study of the International Financial Reporting Standard Implementation in Ghana and Nigeria. It was revealed that the national standards of Ghana and Nigeria were closely related and had both suffered lack of certain standards and disclosure requirements. Akhidwe & Ekiomadu (2014) analysed the Adoption and Implementation of International Financial Reporting Standard (IFRS) in Nigeria: Enduring Challenges and Implications. They found subsisting challenges include: the non inclusion of IFRS in the curricula of Nigerian educational institution, inadequate IFRS capacities by Nigerian auditors and accountants in and the non amendment of Nigeria's corporate financial reporting statutes to accommodate IFRS requirements.

Wu & Zhang (2014) investigated the sensitivity of credit ratings to accounting information, including mandatory IFRS adoption. Their sample of mandatory adopters comprises 1,917 firm-years (22% for non-EU companies) from 18 countries (six non-EU) and covers 1990-2007. Credit relevance is measured by the sensitivity of Moody's credit ratings to various accounting ratios. The authors found that mandatory adoption is associated with significant increases in the credit relevance of accounting information (but) only in countries with stronger rule of law.

Chen, Ding & Bin (2014) examined Convergence of accounting standards and foreign direct investment, The sample covers 30 countries, 23 from the EU. The measure of FDI is the aggregate in-and outflow between pairs of countries. The authors found that, FDI flows are positively associated with conformity to IFRS. They also found that positive relationship between FDI and IFRS conformity is stronger for country pairs with greater institutional differences.

Abata (2015) examined the impact of International Financial Reporting Standard (IFRS) on financial reporting practices of corporate establishments in Nigeria. The findings revealed that IFRS provides better information for regulators than GAAP. The finding further showed that IFRS directly affects how earnings are reported as well as a reduction in the cost of finance.

Yahaya, Yusuf & Dania, (2015) examined the effects of the adoption of the International Financial Reporting Standards on the financial statements of banks. The results showed that IFRS adoption has positively impacted some variables in the financial statement of banks, for example, profitability and growth potential.

Onipe, Umar & Ahmed (2015) investigated the effect of IFRS on earning management behavior of listed Deposit Money Banks in Nigeria. The study examined how the change in the recognition and measurement of banks loan loss provision affects management behavior. Using a sample of 15 deposit money banks listed on the Nigeria Stock Exchange (NSE), financial data in respect of the periods before and after adoption of FIRS (2005 to 2008 and 2009 to 2013) were selected. Their study found that the restriction to incurred loss under IFRS significantly reduced the ability of banks to engage in earning management. Indiael (2015) evaluated the impact of IFRS on earning management: A review of empirical evidence. The study applies a desktop review to investigate the worldwide existing empirical research evidence on the impact of IFRS on earning management post IFRS adoption and in relation to other reporting standards and reports whether the results are indistinguishable between developed and developing economies. The findings found that the existing empirical crams and conclusions thereon are mixed. Umoren & Enang (2015) analysed IFRS Adoption and Value Relevance of Financial Statements of Nigeria Listed Banks using descriptive statistics and least square regression methods. The result indicated that the equity valve and earnings of banks are relatively value relevant to share prices under IFRS than under previous Nigerian SAS. Results also indicate that earnings per share is incrementally value relevant during post – IFRS period while book value of equity per share is incrementally less value relevant during the post – IFRS period.

Asian and Dike (2015) evaluated the difference in the quality of accounting information pre and post adoption by manufacturing firms in Nigeria over a five year period. Multiple regression analysis was performed on accounting quality variables and t-test was carried out for equality of mean to compare pre and post IFRS. The results indicated a decline in accounting using earnings management, value relevance, and timely loss recognition as independent variables. Earnings and book value of equity are less value relevant and timely loss recognition is less in post IFRS compared to pre-IFRS period.

Yahaya, Fagbemi & Oyeniyi (2015) studied the effect of IFRS adoption in Nigeria on financial statement figures and key financial ratios of Nigeria banks that adopted IFRS. The finding revealed that there is a significant effect of the adoption of IFRS on the financial statement of banks in Nigeria. Emeni & Iyoha (2016) examined the Impact of Legal System on International Financial Reporting Standards (IFRS) adoption in Africa. From a population of fifty four countries, making up the African continent, a sample of forty-six countries was selected. The data collected were analysed using the ordered logistic regression technique. The study showed that there is a positive and significant relationship between the legal system (LGS) in Africa countries and IFRS adoption. Emem & Urhoghide (2016) evaluate the Network Effects in African Countries, Adoption of International Financial Reporting Standards. The ordered logistic regression analysis was used to regress decision to adopt IFRS in relation to synchronization value of network effects. The study showed that there is no significant relationship between Network Effect (NEW) and adoption of IFRS.

Chukwu & Okoye (2016) examined the effect of IFRS adoption on timely loss recognition, a proxy for earnings quality. Data from NSE-listed firms include accounting numbers from two years post-mandatory IFRS adoption while the data from JSE – listed firms contain seven years of post-mandatory IFRS adoption period. Data from financial statements of 54 companies listed on the Nigerian Stock Exchange (NSE) on the Nigerian Stock Exchange (NSE) and 96 companies, listed on the Johannesburg Stock Exchange (JSE) are analyzed using logistic regression. The results indicate that earnings quality (measured by timely loss recognition) did not improve in the post – IFRS adoption period in both Nigeria and South Africa. Amahalu & Ezechukwu (2016) examined the effect of the adoption of international financial reporting performance, empirical evidence from banks quoted on the Nigerian Stock Exchange. The study revealed that adoption of IFRS has significant on the profitability of banks and that IFRS has improved investor’s confidence in the financial statement.

Seyed, Zaini, Noman & Romlah (2016) empirically examined the association between financial information quality and investment efficiency among firms in Malaysia. Sample of this study consists of 558 firms listed on the main board of Bursa Malaysia from the year 2011 until 2011. The investment efficiency is measured based on firms’ deviations from the expected investment level. The financial information quality is measured based on four different measurement schemes. The results provided support that financial information quality is significantly positively related to investment efficiency.

Jinbu & Wang (2016) examined the relationship between accounting information quality and capital investment choice from the perspective of accounting information's governance function. Measuring capital investment choice as the correlation of growth of operating income between company and industry, this study investigates whether and to what extent companies focus on their core business. The results showed that the higher the quality of publicly listed firms accounting information, the stronger that correlation, particularly when the corporate governance of the listed company is poor. Sanyaolu, Iyoha & Ojeka (2017) examined the effect of adopted International Financial Reporting Standards (IFRS) on the earning yield (EU) and earning per share of quoted banks in Nigeria. The study found a significant and positive relationship between IFRS adoption and earnings yield and earning per share.

**Table 2.1 Summary of Empirical Review**

| S/No | Authors | Topic | Period | Methodology | Findings |
|---|---|---|---|---|---|
| 1 | Gunther Gebhardt & Zoltan Novot Farkas (2011) | Mandatory IFRS Adoption and Accounting Quality of European Banks | 2000-2007 | Wilcoxon/ Mann-Whitney Tests | The study found that the restriction to recognize only incurred losses under IAS 39 significantly reduces income smoothing. |
| 2 | Lin C., Hua C., Lin W. & Lee (2012) | IFRS Adoption and Financial Reporting Quality: Taiwan Experience | 1999-2009 | Regression Model. | The empirical results showed that the financial reporting quality got improvement under the amendment towards IFRS adoption. |
| 3 | Chiha H., Trabelsi N.S. & Hamza S.E (2013) | The Effect of IFRS on Earnings Quality in a European Stock Market: Evidence from France | 2002-2010 | Regression | Results indicated that accounting information quality has been improved by the increase of the association degree. |
| 4 | Herbert W.E., Tsegba I.N., Ohanele A.C. & Anyahara I.O. (2013) | Adoption of International Financial Reporting Standard (IFRS): Insights from Nigerian Academics and Practitioners. | 2010-2012 | Krustal-Wallis (k-w) and Chi-square. | The results showed significant differences between accounting students, lecturers and practitioners with respect to their degree of familiarity with IFRS. |
| 5 | Akhidime A.E & Ekiomado E.B. (2014) | Adoption and Implementation of International Financial Reporting Standards (IFRS) in Nigeria: Enduring Challenges and Implications | 2012-2014 | Descriptive Analysis | This study revealed the non-inclusion of IFRS in the curricula of Nigerian educational institutions and the inadequate IFRS capacities by Nigerian Auditors and Accountants. |

**Tabular Summary of Empirical Review**

| | | | | | |
|---|---|---|---|---|---|
| 6 | Saidu, Sani & Umar Dauda (2014) | An Assessment of Compliance with IFRS Framework at First-Time Adoption by the Quoted Banks in Nigeria. | 2012-2014 | Qualitative Grading System QGS, Multivariate regression and chi-square | The study showed that Nigerian banking industry complied with the requirements of IFRS-framework. |
| 7 | Adetula, D.T, Owolabe F. & Onyinye O.I (2014) | International Financial Reporting Standards (IFRS) for SMES Adoption Process in Nigeria. | 2014 | One Sample T-test | Findings showed that a major factor why IFRS would be adopted by Nigeria is because other countries have adopted them. |
| 8 | Okoye P.V.C. & Ezejiofor R. (2014) | The Effect of IFRS on the Stock Performance: Implications on Investor's Expectations | 2006-2012 | Descriptive design and survey research | Findings showed that most of the banks could not generate sufficient interest earnings to cover their interest obligations therefore unable to satisfy investor's expectation. |
| 9 | Okoye P.V.C, Okoye J.F.N & Ezejiofor R.A (2014) | Impact of the IFRS Adoption on Stock Market Movement in Nigeria Corporate Organization | 2011-2012 | Descriptive Design | The study revealed that the adoption of IFRS in Nigeria will enhance credible financial statements that will also provide a basis for the strength of a corporate entity in capital market. |
| 10 | Ocansey E.O.N.D & Enahoro J.A. (2014) | Comparative Study of the International Financial Reporting Standard Implementation in Ghana and Nigeria. | 2005-2013 | Comparative Study | The study revealed that the national standards of Ghana and Nigeria were closely related and had both suffered lack of certain standards and disclosure requirements. |

**Tabular Summary of Empirical Review**

| | | | | | |
|---|---|---|---|---|---|
| 11 | Indiael Daniel Kaaya (2015) | The Impact of International Financial Reporting Standards (IFRS) on Earnings Management: A Review of Empirical Evidence | 2005-2015 | Desktop review | The findings revealed that the existing empirical organs and conclusions there on are mixed, inconsistent and difficult to generalize. This indicates the pressing need for country specific empirically tested studies of this nature. |
| 12 | Onipe A. Y.,Umar M .K.,&Ahmed M. (2015) | International Financial Reporting Standards and Earnings Management Behaviour of Listed Deposit Money Banks in Nigeria. | 2004-2013 | Correlation Co-efficient | Study revealed that the restriction to incurred losses under IFRS significantly reduces the ability to banks to engage in earnings management. |
| 13 | Yahaya O.A., Yusuf M.J. & Dania I.S. (2015) | International Financial Reporting Standards' Adoption and Financial Statement Effects: Evidence from Listed Deposit Money Bank in Nigeria. | 2004-2013 | Logistic Regression Analysis | The study revealed that given the fair value perspective of IFRS, the transition to IFRS brings stability in income statement figures. |
| 14 | Umobong A.A. & Dike A. (2015) | IFRS Adoption and Accounting Quality of Quoted Manufacturing Firms in Nigeria: A Cross Sectional Study of Brewery and Cement Manufacturing Firms. | 2009-2013 | Multiple Regression Analysis and t-test. | Results indicated a decline in accounting quality using earnings management, value relevance, and timely loss recognition as independent variables. Earnings and book value of equity are less value relevant and timely loss recognition is less in post-IFRS compared to pre-IFRS period. |

**Tabular Summary of Empirical Review**

| | | | | | |
|---|---|---|---|---|---|
| 15 | Umoren A.O. & Enang E.R (2015) | IFRS Adoption and Value Relevance of Financial Statements of Nigerian Listed Banks | 2010-2013 | Descriptive statistics and least square regression | The result indicated that the equity value and earnings of banks are relatively value relevant to share. |
| 16 | Yahaya, K.A., Fagbemi T.O. & Oyemiyi K.K (2015) | Effect of International Financial Reporting Standard on Financial Statements of Nigerian Banks | 2010-2012 | Least Square Regression Analysis | The finding revealed that there is a significant effect of the adoption of IFRS on the financial statement of banks in Nigeria. |
| 17 | Amahalu, N.N.& Ezechukwu B.O.I (2016) | Effect of the Adoption of International Financial Reporting Standard (IFRS) on Financial Performance: Empirical Evidence from Banks quoted on the Nigerian Stock Exchange. | 2007-2014 | Paired t-test statistics | The study showed that adoption of IFRS has significant on the profitability of banks and IFRS has improved investor’s confidence in the financial statement. |
| 18 | Gospel J. Chukwu & Emma I. Okoye (2016) | Effect of International Financial Reporting Standards Adoption on Timely Loss Recognition: Evidence from Nigeria and South Africa. | 2000-2003 | Logistic regression analyses | The results indicated that earnings quality (measured by timely loss recognition) did not improve in the post-IFRS adoption period in both Nigeria and South Africa. |
| 19 | Akinleye, G.T. (2016) | Effect of International Financial Reporting Standards (IFRS) Adoption on the Performance of Money Deposit Banks in Nigeria. | 2009-2014 | OLS analysis | The results revealed that adopted of IFRS exert positive impact on performance of money deposits measured in terms of return on assets and in terms of return on |

**Tabular Summary of Empirical Review**

| | | | | | |
|---|---|---|---|---|---|
| | | | | | equity. |
| 20 | Sanyaolu, O.A., Iyoha, F.O. &Ojeka, S.A. (2017) | International Financial Reporting Standard Adoption and Earnings of Quoted Banks in Nigeria. | 2009-2014 | Panel Ordinary least square method | The study founds a significant and positive relationship between IFRS adoption and earnings yield and earnings per share. |
| 21 | Obi H.K. & Anaege, A.E. (2017) | Effect of IFRS Adoption on Key Performance Indices of Bank Quoted on the Nigerian Stock Exchange. | 2008-2015 | Paired sample t-test | Results revealed t hat there is no significant difference in the return on assets and capital adequacy ratio of quoted banks after the adoption of IFRS. |
| 22 | Adelusi, A.I. & Ibigbami, S.A. (2017) | The International Financial Reporting Standard (IFRS) Adoption and the Profitability of Selected Quoted Oil and Gas Companies in Nigeria. | 2009-2014 | Pair sample t-test statistic | The findings showed that there was no significant statistical difference in report of key performance indicators (KPIs) that was used in assessing the companies performance. |
| 23 | Omaliko, E., Uzodimma, A. & Okpala, N. (2017) | Effect of International Financial Reporting Standard Adoption on Financial Performance of Listed Money Depositing Banks in Nigeria. | 2009-2016 | Wilcoxon Model | The results showed that IFRS adoption has positively impacted some variables in the financial statement of deposits money banks for example profitability and growth potential. |
| 24 | Aseoluwa A.C.N & Jelil A.A. (2017) | IFRS Adoption and Performance of Quoted Consumer Goods Manufacturing Companies in Nigeria. | 2010-2014 | Pooled OLS estimator | The findings showed that there is no significant relation ship between t he adoption of IFRS and performance of manufacturing firms listed on the Nigerian |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | Stock Exchange. |
| 25 | Pavtar, A.A. (2017) | A comparative Analysis of the Effect of IFRS Adoption on Value Relevance of Accounting Information in An Emerging Economy: A Focus on Listed Deposit Money Banks in Nigeria. | 2008-2015 | Regression Analysis | Findings revealed that there is no significant impact of post IFRS earnings per share and book value per share on the share price of deposit money banks in Nigeria. |
| 26 | Olayinka, E., Foluke, O., Olojede, P., & Arumona, J. (2018) | Does International Financial Reporting Standards (IFRS) Impact Profitability Ratios of Listed Banks in Nigeria? | 2013-2015 | Wilcoxon Signed Rank Test | The findings revealed that IFRS adoption has not produced any meaningful impact on the profitability ratios (PAT-EBIT, NPM and OPM) at 5% level of significance. |
| 27 | Elosiuba, J.N. & Okoye Emma (2018) | Effects of International Financial Reporting Standards on Corporate Performance of Selected Banks Listed on Nigeria Stock Exchange. | 2011-2012 | t-statistic | The study revealed that none of the variables had significant effect. |
| 28 | Ibanichuka, E.A.L & Asukwo, I.S. (2018) | International Financial Reporting Standards Adoption and Financial Performance of Petroleum Marketing Entities in Nigeria. | 2008-2015 | One-way analysis of variance and one sample t-test. | Study revealed that there is no significant relationship between IFRS adoption and corporate performance of petroleum marketing entities in Nigeria. |

## 2.4 Summary of Empirical Review

Chukwu & Okoye (2016) affirm that the International Financial Reporting Standard (IFRS), issued by the International Accounting Standard Board (IASB) is increasingly becoming the preferred accounting regime among companies. IFRS in dynamic, country specific, firm specific, period and sample specific, thus this resulted in a lot of researches on IFRS. Indiael (2015) reveals that the existing empirical arms and conclusions on the impact of IFRS on corporate entities are mixed. This indicates the pressing need for empirically tested studies of this nature that are country specific. Also Soderstrom & Sun (2007) emphasize that the mixed findings can be partly explained by the influence of country specific factors. Hence the adoption of a common set of accounting standards across the globe may not improve quality financial homogenously in each company and country because of other factors such as financial reporting incentives, legal systems and political systems that may affect accounting quality.

Several researches have been carried on effect of IFRS on banks in Nigeria, but IFRS changing annually, therefore the effect found by one research will not always continue to apply indefinitely. Therefore, this research filled this gap by ascertaining the effect of IFRS on performance of listed banks in Nigeria.

Since the adoption of IFRS in developing countries like Nigeria especially by banks in Nigeria, studies in literature has been few. Particularly, studies on IFRS adoption and its effect on performance has been limited to few performance indicators/variables such as using only profitability, or earning management, or liquidity, growth or both profitability and one other variable. This research work however uses an aggregation of four performance variables. Several researches have been carried out on effect of IFRS adoption of listed banks in Nigeria but the findings are mixed.  Finally, this research work is anchored on the stakeholders theory because, it recognizes all users of accounting information such as debtors, creditors, financial analyst, government, the public, employers and employees.

# CHAPTER THREE

# METHODOLOGY

## 3.1 Research Design

The research design employed in this study is the *Ex-post facto* research design, in order to establish the effect of international financial reporting standards on performance. This study is treated as *ex-post facto* research since it relied on historical data. This is appropriate because ex-post facto research aims at measuring and establishing the relationship between one variable and another or the impact of one variable on another, in which the variables involved are not manipulated by the researcher. An ex-post facto research determines the cause-effect relationship among variables. Ex-post Facto seeks to find out the factors that are associated with certain occurrence, conditions, events or behaviours by analyzing past events or already existing data for possible causal factors (Gujarati, Porter & Gunasekar 2013; Kothari & Garg 2014).

## 3.2 Population of the Study

The population of the study consist of all the fifteen (15) listed Deposit Money Banks (DMBs) in Nigeria as at 31st December, 2016. They (see appendix I).

## 3.3 Sample Size and Sampling Technique

Purposive sampling technique was adopted to select the deposit money banks with up to date and complete annual reports and accounts for the study period (2007-2016). The sample size of this study consist of the fifteen (15) deposit money banks that were continuously listed and actively trading on the floor of the Nigerian Stock Exchange (NSE) during the period 1st

January 2007 to 31 December 2016 and whose financial statements are available and have been consistently submitted to NSE for the period under study.

## 3.4 Source of Data

This study made use of secondary data precisely. The data were sourced from publications of the Nigerian stock exchange (NSE), fact books and the annual report and accounts of the sampled deposit money banks, particularly the comprehensive income statement and statement of financial positions of these banks as well as their respective notes to the accounts. Both the dependent and independent variables were computed from the data extracted from publications of the Nigerian stock exchange (NSE), the annual report and accounts of the sampled listed deposit money banks and ratios were computed from the figures as reported in the annual reports. The years 2007 – 2011were used to investigate the pre IFRS adoption era while the years 2012 - 2016 were used to study the post IFRS adoption era.

## 3.5 Research Variables

### 3.5.1 Independent Variable

The independent variable of this study is International Financial Reporting Standards (IFRS). Dummy variable (0) was used to represent the period of pre-adoption (2007-2011), while dummy variable (1) was used to represent the period of post adoption (2012-2016).

### 3.5.2 Dependent Variables

The dependent variable in this study is Performance which was measured with:

i. **Return on Equity (ROE):** ROE = Net income/shareholder’s Equity

   ROE measures organization’s profitability by revealing how much profit a company generates with the money shareholders have invested.

**ii. Earnings per Share (EPS)**

It expresses the relationship between profits earned by a firm and the equity stock during a period of time.

$$\text{EPS} = \frac{\text{Profit after taxes}}{\text{Number of equity stock outstanding}}$$

**iii. Net profit margin (NPM):**

NPM is the percentage of revenue left after all expenses have been deducted from sales. The measurement reveals the amount of profit that a business can extract from its total sales.

Net Profit Margin = (Net profit ÷ Net sales) x 100

**iv. Gross Earnings:** This was sourced from the annual reports and accounts of the sampled Deposit Money Banks.

### 3.6 Method of Data Analysis

The analysis of data for this study was done based on the data collected from the publications of the Nigerian Stock Exchange, fact books, annual reports and accounts of the sampled deposit money banks in Nigeria via E-Views 9.0 statistical software. Descriptive statistics was used to summarise the mean, median, standard deviation, skweness, kurtosis, maximum and minimum of the study variables.

Inferential statistics of the stated hypotheses were carried out with the aid of E-view 9.0 statistical software, using:

i. **Pearson coefficient of correlation**: which is a good measure of relationship between two variables, tells us about the strength of relationship and the direction of relationship as well.

ii. **Ordinary Least Square (OLS) regression analysis**: predicts the value of a variable based on the value of the other variable and explains the impact or effect of changes in the values of variable on the values of the other variables. Ordinary Least Square (OLS) Regression Analysis was used for the study.

iii. **Chow test**: was employed to determine whether there is any structural change or significant effect of IFRS on return on equity, earnings per share, net profit margin, and gross earnings before and after the adoption of IFRS 2012.

### 3.7 Model Specification

In order to ascertain the effect of IFRS on Performance**,** the following econometric models were specified:

$Y = f(X) + \mu$

The above model could be re-constructed as thus;

$Y = \beta_o + \beta_1 X_1 + \mu$

$ROE_{it} = \beta_0 + \beta_1 IFRS_{it} + \mu_{it}$ - - - **$H_1$**

$EPS_{it} = \beta_0 + \beta_1 IFRS_{it} + \mu_{it}$ - - - **$H_2$**

$NPM_{it} = \beta_0 + \beta_1 IFRS_{it} + \mu_{it}$ - - - **$H_3$**

$GRE_{it} = \beta_0 + \beta_1 IFRS_{it} + \mu_{it}$ - - - **$H_4$**

Where:

$\beta_0$ = Intercept of the regression

$\beta_1$ = Coefficients of IFRS

$\mu_{ít}$ = error term capturing other explanatory variables not explicitly included in the model of bank í in period t

Y = dependent variable (Performance)

X = independent/explanatory variable (IFRS)

$ROE_{ít}$ = Return on Equity of bank í in period t (dependent variable)

$EPS_{ít}$ = Earnings per Share of bank í in period t (dependent variable)

$NPM_{ít}$ = Net Profit Margin of bank í in period t (dependent variable)

$GRE_{ít}$ = Gross Earnings of bank í in period t (dependent variable)

$IFRS_{ít}$ = International Financial Reporting Standards adoption of bank í in period t (independent variable)

í = individual bank (1, 2 ….. 15)

t = time period (1, 2 ..... 10)

**3.8 Decision Rule**

The decision was based on 5% (0.05) level of significance. The null hypothesis ($H_o$) will be accepted, if the Prob (F-statistic) value is greater (>) than the stated 5% level of significance, otherwise reject.

### 3.9 A Priori Expectation

The theoretical (a priori) expectations about the signs of the coefficients are as follows: $\beta o > 0$, $\beta_1 > 0$.

It is expected that the sign of the coefficients of IFRS adoption should be positive. This is because a unit increase in the adoption of IFRS will lead to an increase in performance of listed deposit money banks in Nigeria.

# CHAPTER FOUR

# DATA PRESENTATION AND ANALYSES

## 4.1 Data Presentation

The panel data obtained from the sampled deposit money banks' financial statements and reports for the ten year period between 2007 and 2016 are presented in Appendix II.

## 4.2 Data Analyses

The Panel analyses of the study data are contained in Appendix II.

**Table 4.1 Descriptive Statistics**

| | IFRS | ROE | EPS | NPM | GRE |
|---|---|---|---|---|---|
| Mean | 0.500000 | 0.138000 | 0.169000 | 0.578000 | 1.720000 |
| Median | 0.500000 | 0.120000 | 0.110000 | 0.620000 | 0.985000 |
| Maximum | 1.000000 | 0.230000 | 0.420000 | 0.890000 | 4.400000 |
| Minimum | 0.000000 | 0.060000 | 0.140000 | 0.330000 | 0.840000 |
| Std. Dev. | 0.527046 | 0.063736 | 0.122886 | 0.186297 | 1.387468 |
| Skewness | 0.000000 | 0.462066 | 0.553505 | 0.081300 | 1.312472 |
| Kurtosis | 1.000000 | 1.728476 | 1.548165 | 2.000965 | 2.931791 |
| Jarque-Bera | 1.666667 | 1.029496 | 1.388873 | 0.426879 | 2.872911 |
| Probability | 0.434598 | 0.597651 | 0.499356 | 0.807801 | 0.237769 |
| Sum | 5.000000 | 1.380000 | 7.690000 | 5.780000 | 17.20000 |
| Sum Sq. Dev. | 2.500000 | 0.036560 | 1.609490 | 0.312360 | 17.32560 |
| Observations | 150 | 150 | 150 | 150 | 150 |

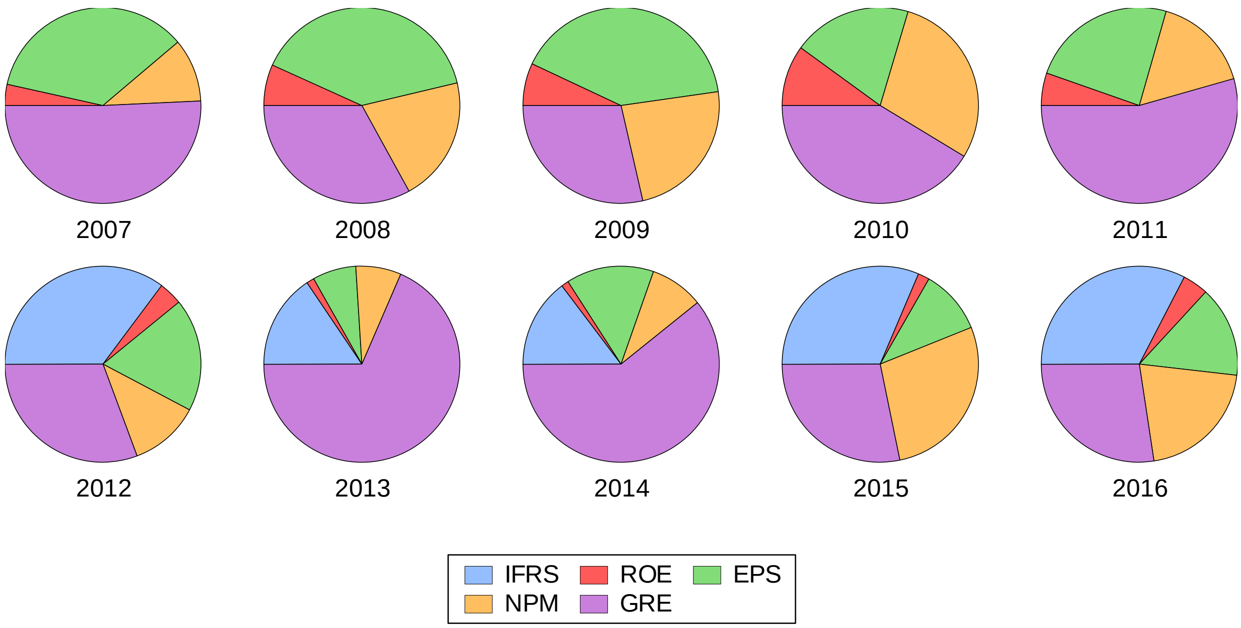
Source: E-Views 9.0 Descriptive Output, 2019

### Interpretation

Table 4.1 presents the descriptive statistics for the different variables of the study. The observation of 150 in table 4.1 is as a result of the panel data set with the combination of time series data and cross sectional data (i.e 15 banks x 10 years). Mean is the most commonly used measure of central tendency. The standard deviation shows the deviation/dispersion/variation from the mean. It is a measure of risk. The higher the standard deviation, the higher the risk. The standard deviation is a measure that summarises the amount by which every value within a dataset varies from the mean. It is the most robust and widely used measure of dispersion. The average return on equity of deposit money banks in Nigeria is 13.8% with a maximum of 23%, a minimum of 6% with a standard deviation of 6.4%. The observed average earnings per share is 16.9%, with a maximum of 42%, a minimum of 14% and a standard deviation of 12.3%. The observed degree of the average net profit margin is 57.8% with a minimum of 33%, a maximum of 89% and a standard deviation of 18.6%. The observed average gross earnings in the sampled banks is 1.72 percent, with a maximum of 4.40%, a minimum of 84 percent and a standard deviation of 1.39 percent. Skewness indicates the symmetry of the distribution. A skewed distribution which is positive indicates scores that are clustered to the left, and the tail of the distribution extending to the right while a negatively skewed distribution demonstrates scores that are clustered to the right and the tale of the distribution extends to the left. Kurtosis on the other hand, defines the peak of the distribution. Positive kurtosis is indicated by a peak. Negative kurtosis is indicated by a flat distribution. It was observed that all the variables are positively skewed.

The above interpretation of the descriptive statistics of the dependent and independent variables is graphically represented as shown below:

**Figure 4.1: Graphical Descriptive Statistics for the Dependent and Explanatory Variables**




Source: E-Views 9.0 Output, 2019

**Table 4.2 Pearson Correlation Matrix**

| | IFRS | ROE | EPS | NPM | GRE |
|---|---|---|---|---|---|
| IFRS | 1.000 | 0.761 | 0.536 | 0.057 | 0.386 |
| ROE | 0.761 | 1.000 | 0.466 | 0.231 | -0.472 |
| EPS | 0.536 | 0.466 | 1.000 | 0.030 | 0.070 |
| NPM | 0.057 | 0.231 | 0.030 | 1.000 | -0.206 |
| GRE | 0.386 | -0.472 | 0.070 | -0.206 | 1.000 |

Source: E-Views 9.0 correlation output, 2019

**Interpretation of Pearson Correlation Matrix**

Correlation analysis aids in determining the degree of association between two or more variables. Pearson correlation coefficient was used to assess the strength of direction of the association between the study variables. From the findings in the correlation analysis in table

4.2, the study found that there was a positive correlation coefficient between ROE, EPS, NPM, GRE and IFRS by correlation factors of 0.761, 0.536, 0.057 and 0.386 respectively.

### 4.3 Test of Hypotheses

#### 4.3.1 Test of Hypotheses I

**$Ho_1$:** IFRS adoption has no significant effect on return on equity of listed deposit money banks in Nigeria.

**$H_1$:** IFRS adoption has significant effect on return on equity of listed deposit money banks in Nigeria.

**Table 4.3: Ordinary Least Square (OLS) Regression Analysis showing the effect of IFRS on ROE**

Dependent Variable: ROE
Method: Least Squares
Date: 03/28/19 Time: 10:23
Sample: 2007 2016
Included observations: 10

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.184000 | 0.019621 | 9.377508 | 0.0000 |
| IFRS | 0.092000 | 0.027749 | 3.315450 | 0.0106 |

| | | | |
|---|---|---|---|
| R-squared | 0.578775 | Mean dependent var | 0.138000 |
| Adjusted R-squared | 0.526121 | S.D. dependent var | 0.063736 |
| S.E. of regression | 0.043875 | Akaike info criterion | -3.238096 |
| Sum squared resid | 0.015400 | Schwarz criterion | -3.177579 |
| Log likelihood | 18.19048 | Hannan-Quinn criter. | -3.304483 |
| F-statistic | 10.99221 | Durbin-Watson stat | 1.231429 |
| Prob(F-statistic) | 0.010612 | | |

Source: E-Views 9.0 Regression Output, 2019

**Interpretation of Regression Result**

The generated ordinary least regression result in table 4.3 indicates that:

ROE = 0.092000 + 0.092000ROE + μ

The implication of the regressed result is that taking all factors into account (IFRS) as constant at zero, ROE will be 0.092000. The analyzed result also showed that taking the independent variable at zero, a unit increase in IFRS will lead to 0.092000 decrease in ROE; The independent variable (IFRS) that was studied, explained only 57.9% of the factors affecting ROE among deposit money banks listed on Nigeria Stock Exchange (NSE) as represented by the $R^2$. This therefore means that other factors not studied in this research contribute about 42.1% influence on ROE of deposit money banks listed on NSE. The Durbin-Watson value of 1.231429 which is less than 2 is an indication that the model is fit and does not contain auto-correlation.

**Decision:**

On the whole, the overall significance value; Prob(F-statistic) = 0.010612 is less than the critical value of 5% (0.05), thus, inferring that the model is statistically significant in predicting how IFRS affects ROE of deposit money banks listed on NSE at 5% level of significance. Thus, $H_1$ is accepted which upholds that IFRS adoption has significant positive effect on return on equity of listed deposit money banks in Nigeria at 5% level of significance.

**Table 4.4: Chow Test showing the structural effect of IFRS on ROE**

Chow Breakpoint Test: 2012
Null Hypothesis: No breaks at specified breakpoints
Varying regressors: All equation variables
Equation Sample: 2007 2016

| | | | |
|---|---|---|---|
| F-statistic | 14.15308 | Prob. F(2,14) | 0.0004 |
| Log likelihood ratio | 19.90576 | Prob. Chi-Square(2) | 0.0000 |
| Wald Statistic | 28.30616 | Prob. Chi-Square(2) | 0.0000 |

Source: E-Views 9.0 Output, 2019

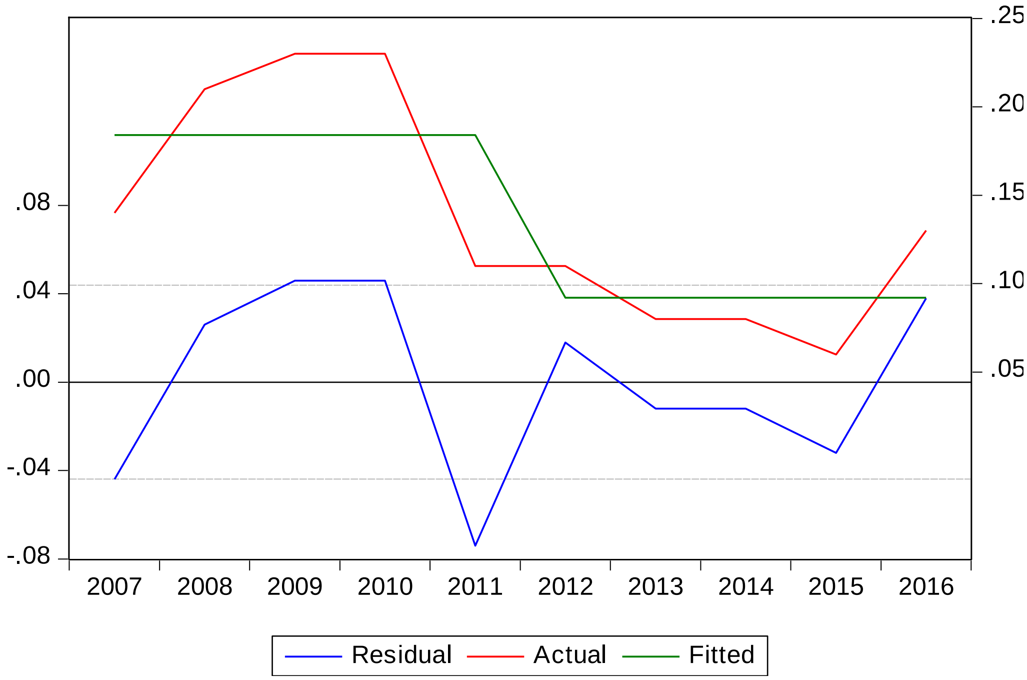
**Decision Rule:**

If the calculated F statistic value is greater than the table value, then there is an impact or structural change in the relationship, otherwise no impact. Hence $H_1$ is accepted and Ho rejected.

**Interpretation of Diagnostic Test**

Table 4.4 shows that the F- distribution table value at Prob. F (2, 14) is 3.74, which is less than the calculated value at 14.15308. Consequently, the null hypothesis is rejected for the alternative which states that IFRS adoption has significant effect on return on equity of listed deposit money banks in Nigeria. Consequently, the sig. value of 0.0004 is statistically significant at 5%. This further confirms that IFRS adoption has a high impact level on ROE of listed deposit money banks in Nigeria at 5% level of significance.

**Figure 4.1: Graphical Chow test result at Break Point 2012 between IFRS adoption and ROE**




Source: E-View 9.0, Output, 2019

**Interpretation of Chow test graph result**

The Chow test result in figure 4.1 above shows the structural change in the relationship that exist between IFRS adoption and ROE from 2007-2011; which is the pre IFRS adoption period and 2012-2016; which is the post IFRS adoption period. Figure 4.1 depicts that the adoption of IFRS in 2012 has a significant impact on ROE. Prior the adoption of IFRS in 2012, it is empirically shown in figure 4.1 that there is a weak relationship between IFRS adoption and ROE , but from 2012, it could be seen that there is a structural change in the association that exist between IFRS adoption and ROE which is significantly impacting as could be deduced from the breakpoint from 2012-2016. Hence, the adoption of IFRS in 2012 has a structural and statistically significant effect on ROE of listed deposit money banks in Nigeria at 5% significance level.

### 4.3.2 Test of Hypotheses II

**$Ho_2$:** IFRS adoption has no significant effect on earnings per share of listed deposit money banks in Nigeria.

**$H_2$:** IFRS adoption has significant effect on earnings per share of listed deposit money banks in Nigeria.

**Table 4.5: Ordinary Least Square (OLS) Regression Analysis showing the effect of IFRS on EPS**

Dependent Variable: EPS
Method: Least Squares
Date: 03/28/19 Time: 10:29
Sample: 2007 2016
Included observations: 10

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.984000 | 0.169355 | 5.810292 | 0.0004 |
| IFRS | 0.430000 | 0.239504 | 7.795380 | 0.0000 |

| | | | |
|---|---|---|---|
| R-squared | 0.487203 | Mean dependent var | 0.769000 |
| Adjusted R-squared | 0.398103 | S.D. dependent var | 0.422886 |
| S.E. of regression | 0.378689 | Akaike info criterion | 1.072651 |
| Sum squared resid | 1.147240 | Schwarz criterion | 1.133168 |
| Log likelihood | -3.363255 | Hannan-Quinn criter. | 1.006264 |
| F-statistic | 23.23388 | Durbin-Watson stat | 1.541351 |
| Prob(F-statistic) | 0.000000 | | |

Source: E-Views 9.0 Regression Output, 2019

**Interpretation of Regression Result**

Table 4.5 reveals an $R^2$ value of 0.487. The $R^2$, which represents the coefficient of determination implies that 48.7 % of the total variation in the dependent variable (EPS) of listed deposit money banks in Nigeria is explained by the explanatory variables (IFRS). The $R^2$ of 48.7% did not constitute a problem to the study because the F- statistics value of 23.23388 with an associated Prob.>F = 0.000000 indicates that the model is fit to explain the relationship expressed in the study model and further suggests that the explanatory variable is properly selected and used. The value of $R^2$ of 48.7% also shows that 51.3% of the variation in the dependent variable is explained by other factors not captured in the study model. This suggests that apart from IFRS adoption there are other factors that mitigate earnings per share of listed deposit money banks in Nigeria. The results in table 4.5 illustrated that IFRS adoption has a significant positive effect on EPS as measured with a beta coefficient ($\beta_1$) and t- value of

0.430000 and 1.795380 respectively and p- value of 0.0000 which is statistically significant at 5%:

EPS = 0.984000 + 0.430000EPS

This beta coefficient revealed that if the adoption of IFRS increases by one unit, then the sampled banks EPS would increase by 43%. In addition, Durbin-Watson test is implied to check the auto correlation among the study variables. The Durbin-Watson value is 1.541351 which is less than 2 provide an evidence of no auto-correlation among the variables.

**Decision**

Based on the empirical evidence that suggests that IFRS adoption has a significant positive effect on EPS of listed deposit money banks in Nigeria at 5% level of significance, thus, the alternative hypothesis ($H_1$) of the study is accepted.

**Table 4.6: Chow Test showing the structural effect of IFRS on EPS**

Chow Breakpoint Test: 2012
Null Hypothesis: No breaks at specified breakpoints
Varying regressors: All equation variables
Equation Sample: 2007 2016

| | | | |
|---|---|---|---|
| F-statistic | 12.30293 | Prob. F(2,14) | 0.0008 |
| Log likelihood ratio | 18.25824 | Prob. Chi-Square(2) | 0.0001 |
| Wald Statistic | 24.60585 | Prob. Chi-Square(2) | 0.0000 |

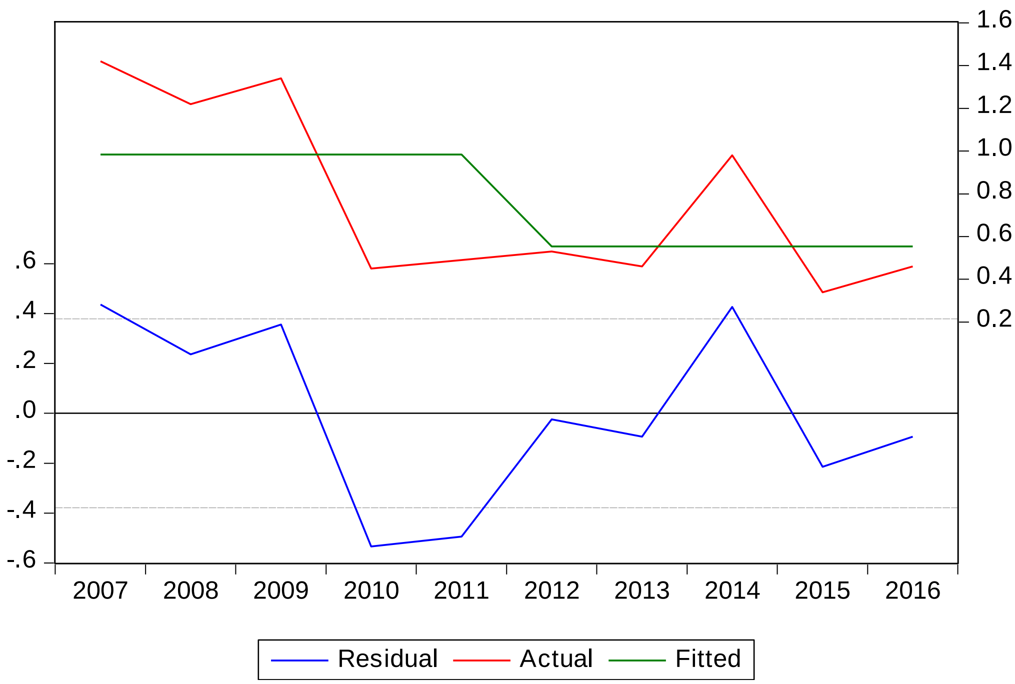
Source: E-Views 9.0 Output, 2019

**Interpretation of Diagnostic Test**

Table 4.6 shows that the F- distribution table value at Prob. F (2, 14) is 3.74, which is less than the calculated value at 12.30293. Consequently, the null hypothesis is rejected for the alternative which states that IFRS adoption has significant effect on earnings per share of listed deposit money banks in Nigeria. Consequently, the sig. value of 0.0008 is statistically significant at 5%.

This further confirms that IFRS adoption has a high impact level on EPS of listed deposit money banks in Nigeria at 5% level of significance.

**Figure 4.2: Graphical Chow test result at Break Point 2012 between IFRS adoption and EPS**




Source: E-View 9.0, Output, 2019

**Interpretation of Chow test graph result**

The Chow test result in figure 4.2 above shows the structural change in the relationship that exist between IFRS adoption and EPS from 2007-2011; which is the pre IFRS adoption period and 2012-2016; which is the post IFRS adoption period. Figure 4.2 depicts that the adoption of IFRS in 2012 has a significant effect on EPS. Prior the adoption of IFRS in 2012, it is empirically shown in figure 4.2 that there is a weak relationship between IFRS adoption and EPS , but from 2012, it could be seen that there is a structural change in the association that exist between IFRS adoption and EPS which is significantly impacting as could be deduced from the breakpoint from 2012-2016. Hence, the adoption of IFRS in 2012 has a structural and statistically significant effect on EPS of listed deposit money banks in Nigeria at 5% significance level.

### 4.3.3 Test of Hypotheses III

**$Ho_3$:** IFRS adoption has no significant effect on net profit margin of listed deposit money banks in Nigeria.

**$H_3$:** IFRS adoption has significant effect on net profit margin of listed deposit money banks in Nigeria.

**Table 4.7: Ordinary Least Square (OLS) Regression Analysis showing the effect of IFRS on NPM**

Dependent Variable: NPM
Method: Least Squares
Date: 03/28/19 Time: 10:31
Sample: 2007 2016
Included observations: 10

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.568000 | 0.088227 | 6.437940 | 0.0002 |
| IFRS | 0.020000 | 0.124772 | 4.160293 | 0.0044 |

| | | | |
|---|---|---|---|
| R-squared | 0.333201 | Mean dependent var | 0.578000 |
| Adjusted R-squared | 0.302398 | S.D. dependent var | 0.186297 |
| S.E. of regression | 0.197282 | Akaike info criterion | -0.231514 |
| Sum squared resid | 0.311360 | Schwarz criterion | -0.170996 |
| Log likelihood | 3.157568 | Hannan-Quinn criter. | -0.297901 |
| F-statistic | 12.25694 | Durbin-Watson stat | 1.219168 |
| Prob(F-statistic) | 0.004421 | | |

Source: E-Views 9.0 Regression Output, 2019

### Interpretation of Regressed Result

The regressed coefficient correlation result in table 4.7 shows a positive association between IFRS ($\beta_1$=0.020000) and NPM and statistically significantly at 5% as depicted by the probability values of the slope coefficient; $P(x_1=0.0044<0.05)$. The coefficient of determination obtained was 0.333 (33.3%), which is commonly referred to as the value of $R^2$. The cumulative test of hypothesis using $R^2$ to draw statistical inference about the explanatory variables employed in this regression equation, shows that 33.3% of the systematic variations in the dependent variable (NPM) can be predicted by the independent variable (IFRS) while 66.7% was explained by unknown variables that were not included in the model. The predictive power of this model is very high and good for users of financial statement for investment decision making.

**Decision:**

The Prob(F-statistic) of the model which is = 0.004421 is less than the critical value 0.05. In view of the rule of thumb, $H_1$ is accepted and $H_0$ rejected. Consequently, IFRS adoption has a significant positive effect on ROE of listed Deposit Money Banks in Nigeria at 5% level of significance.

**Table 4.8: Chow Test showing the structural effect of IFRS on NPM**

Chow Breakpoint Test: 2012
Null Hypothesis: No breaks at specified breakpoints
Varying regressors: All equation variables
Equation Sample: 2007 2016

| | | | |
|---|---|---|---|
| F-statistic | 12.73960 | Prob. F(2,14) | 0.0092 |
| Log likelihood ratio | 5.940338 | Prob. Chi-Square(2) | 0.0513 |
| Wald Statistic | 5.473919 | Prob. Chi-Square(2) | 0.0648 |

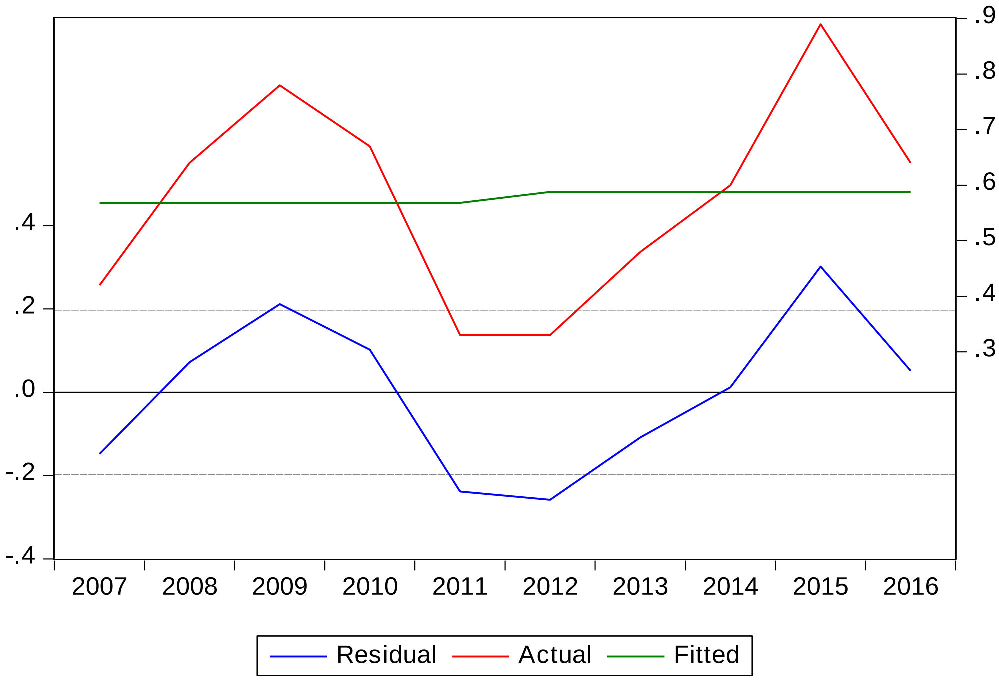
Source: E-Views 9.0 Output, 2019

**Interpretation of Diagnostic Test**

Table 4.8 shows that the F- distribution table value at Prob. F (2, 14) is 3.74, which is less than the calculated value at 12.73960. Consequently, the null hypothesis is rejected for the alternative which states that IFRS adoption has significant effect on net profit margin of listed deposit money banks in Nigeria. Consequently, the sig. value of 0.0092 is statistically significant at 5%.

This further confirms that IFRS adoption has a high impact level on NPM of listed deposit money banks in Nigeria at 5% level of significance.

**Figure 4.3: Graphical Chow test result at Break Point 2012 between IFRS adoption and NPM**




Source: E-Views 9.0 Output, 2019

**Interpretation of Chow test graph result**

The Chow test result in figure 4.3 above shows the structural change in the relationship that exist between IFRS adoption and NPM from 2007-2011; which is the pre IFRS adoption period and 2012-2016; which is the post IFRS adoption period. Figure 4.3 depicts that the adoption of IFRS in 2012 has a significant effect on NPM. Prior the adoption of IFRS in 2012, it is empirically shown in figure 4.3 that there is a weak relationship between IFRS adoption and NPM , but from

2012, it could be seen that there is a structural change in the association that exist between IFRS adoption and NPM which is significantly impacting as could be deduced from the breakpoint from 2012-2016. Hence, the adoption of IFRS in 2012 has a structural and statistically significant effect on NPM of listed deposit money banks in Nigeria at 5% significance level.

### 4.3.4 Test of Hypotheses IV

**$Ho_4$:** IFRS adoption has no significant effect on gross earnings of listed deposit money banks in Nigeria.

**$H_4$:** IFRS adoption has significant effect on gross earnings of listed deposit money banks in Nigeria.

**Table 4.9: Ordinary Least Square (OLS) Regression Analysis showing the effect of IFRS on GRE**

Dependent Variable: GRE
Method: Least Squares
Date: 03/28/19 Time: 10:33
Sample: 2007 2016
Included observations: 10

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 1.212000 | 0.607144 | 1.996231 | 0.0810 |
| IFRS | 1.016000 | 0.858631 | 8.183278 | 0.0000 |

| | | | |
|---|---|---|---|
| R-squared | 0.548950 | Mean dependent var | 1.720000 |
| Adjusted R-squared | 0.442568 | S.D. dependent var | 1.387468 |
| S.E. of regression | 1.357616 | Akaike info criterion | 3.626193 |
| Sum squared resid | 14.74496 | Schwarz criterion | 3.686710 |
| Log likelihood | -16.13097 | Hannan-Quinn criter. | 3.559806 |
| F-statistic | 14.40148 | Durbin-Watson stat | 1.737566 |
| Prob(F-statistic) | 0.000000 | | |

Source: E-Views 9.0 Regression Output, 2019

**Interpretation of Regression Analysis**

Table 4.9 shows that there is a significant positive relationship between IFRS and GRE of listed deposit money banks in Nigeria. This can be observed from the beta coefficient ($\beta_1$) of 1.016000 with p value of 0.0000 which is significant at 5%. This indicates that IFRS adoption has a positive relationship with gross earnings of listed Deposit Money Banks in Nigeria. The overall effect of the regressor; IFRS on GRE of listed Deposit Money Banks in Nigeria, is shown on the model probability summary of the regression results. The F-statistic of 14.40148 with an associated Prob(F-statistic) of 0.000000 is statistically significant at 5%, which reveals that the model is well fitted, while the coefficient of determination; $R^2$ of 0.55, explains the variation of the dependent variable (ROE) as a result of the changes in the independent variable (IFRS). It can be said that IFRS has predictive power of 55% in affecting GRE of listed Deposit Money Banks in Nigeria, while the remaining 45% is accounted for by other factors which are not captured in the model.

**Decision**

Since the P-value of the test = 0.000000 is less than 0.05 (5%)., this study upholds that IFRS has a significant positive effect on gross earnings of listed Deposit Money Banks in Nigeria at 5% level of significance.

**Table 4.10: Chow Test showing the structural effect of IFRS on NPM**

Chow Breakpoint Test: 2007
Null Hypothesis: No breaks at specified breakpoints
Varying regressors: All equation variables
Equation Sample: 1998 2015

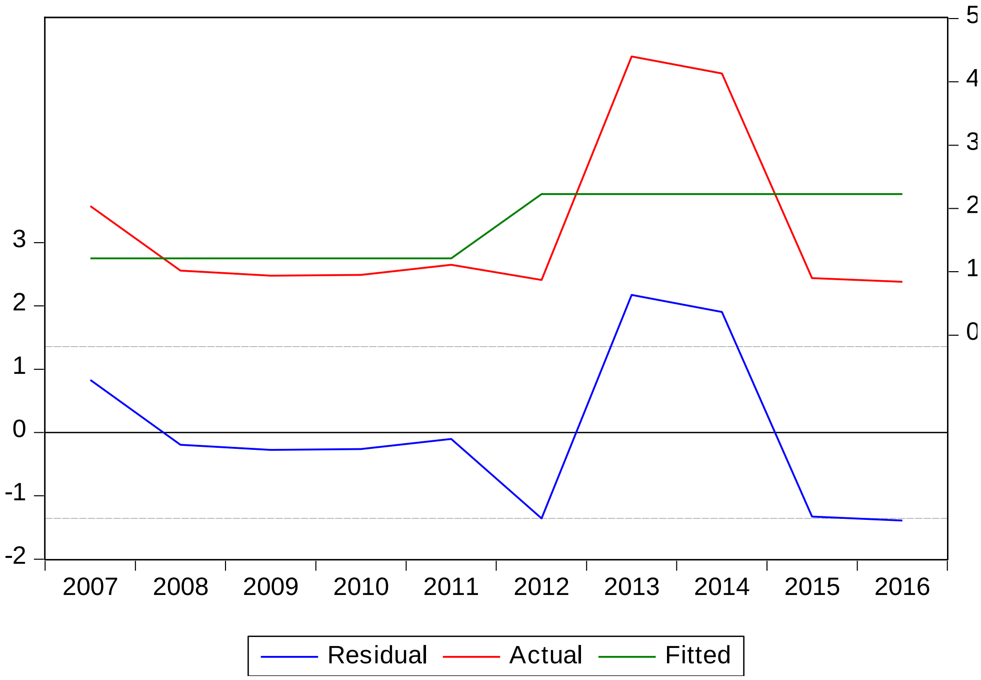
| | | | |
|---|---|---|---|
| F-statistic | 7.868524 | Prob. F(2,14) | 0.0051 |
| Log likelihood ratio | 13.56005 | Prob. Chi-Square(2) | 0.0011 |
| Wald Statistic | 15.73705 | Prob. Chi-Square(2) | 0.0004 |

Source: E-Views 9.0 Output, 2019

**Interpretation of Diagnostic Test**

Table 4.10 shows that the F- distribution table value at Prob. F (2, 14) is 3.74, which is less than the calculated value at 7.868524. Consequently, the null hypothesis is rejected for the alternative which states that IFRS adoption has significant effect on gross earning of listed deposit money banks in Nigeria. Consequently, the sig. value of 0.0051 is statistically significant at 5%. This further confirms that IFRS adoption has a high impact level on GRE of listed deposit money banks in Nigeria at 5% level of significance.

**Figure 4.4: Graphical Chow test result at Break Point 2012 between IFRS adoption and GRE**




Source: E-Views 9.0 Output, 2019

**Interpretation of Chow test graph result**

The Chow test result in figure 4.4 above shows the structural change in the relationship that exist between IFRS adoption and GRE from 2007-2011; which is the pre IFRS adoption period and 2012-2016; which is the post IFRS adoption period. Figure 4.4 depicts that the adoption of IFRS in 2012 has a significant effect on GRE. Prior the adoption of IFRS in 2012, it is empirically shown in figure 4.4 that there is a weak relationship between IFRS adoption and GRE , but from 2012, it could be seen that there is a structural change in the association that exist between IFRS adoption and GRE which is significantly impacting as could be deduced from the breakpoint from 2012-2016. Hence, the adoption of IFRS in 2012 has a structural and statistically significant effect on GRE of listed deposit money banks in Nigeria at 5% significance level.

## 4.4 Discussion of Findings

This study ascertained the effect of international financial reporting standards on performance of listed deposit money banks during the period 2008-2017. The independent variable (international financial reporting standards) was measured dummy variables 1 for adoption and 0 for non-adoption while performance which formed the dependent variable was measured by return on equity, earnings per share, net profit margin and gross earnings. In an attempt to ascertaining the pre and post adoption effect, Chow test was employed.

The analyzed result in hypothesis I also showed that taking the independent variable at zero, a unit increase in IFRS will lead to 0.092000 decrease in ROE; The independent variable (IFRS) that was studied, explained only 57.9% of the factors affecting ROE among deposit money banks listed on Nigeria Stock Exchange (NSE) as represented by the $R^2$. This therefore means that other factors not studied in this research contribute about 42.1% influence on ROE of deposit money banks listed on NSE. The Durbin-Watson value of 1.231429 which is less than 2 is an indication that the model is fit and does not contain auto-correlation. On the whole, the overall significance value; Prob(F-statistic) = 0.010612 is less than the critical value of 5% (0.05), thus, inferring that the model is statistically significant in predicting how IFRS affects ROE of deposit money banks listed on NSE at 5% level of significance. Thus, $H_1$ is accepted which upholds that IFRS adoption has significant positive effect on return on equity of listed deposit money banks in Nigeria at 5% level of significance.

In hypothesis II, the value of $R^2$ of 48.7% also shows that 51.3% of the variation in the dependent variable is explained by other factors not captured in the study model. This suggests that apart from IFRS adoption there are other factors that mitigate earnings per share of listed deposit money banks in Nigeria. The results in table 4.5 illustrated that IFRS adoption has a significant positive effect on EPS as measured with a beta coefficient ($\beta_1$) and t- value of 0.430000 and 1.795380 respectively and p- value of 0.0000 which is statistically significant at 5%: The beta coefficient revealed that if the adoption of IFRS increases by one unit, then the sampled banks EPS would increase by 43%. In addition, Durbin-Watson test is implied to check the auto correlation among the study variables. The Durbin-Watson value is 1.541351 which is less than 2 provide an evidence of no auto-correlation among the variables.Based on the empirical evidence that suggests that IFRS adoption has a significant positive effect on EPS of listed deposit money banks in Nigeria at 5% level of significance, thus, the alternative hypothesis ($H_1$) of the study is accepted.

The regressed coefficient correlation result in hypothesis III shows a positive association between IFRS ($\beta_1$=0.020000) and NPM and statistically significantly at 5% as depicted by the probability values of the slope coefficient; P($x_1$=0.0044<0.05). The coefficient of determination obtained was 0.333 (33.3%), which is commonly referred to as the value of $R^2$. The cumulative test of hypothesis using $R^2$ to draw statistical inference about the explanatory variables employed in this regression equation, shows that 33.3% of the systematic variations in the dependent variable (NPM) can be predicted by the independent variable (IFRS) while 66.7% was explained by unknown variables that were not included in the model. The predictive power of this model is very high and good for users of financial statement for investment decision making.

The regression result of hypothesis IV shows that there is a significant positive relationship between IFRS and GRE of listed deposit money banks in Nigeria. This can be observed from the beta coefficient ($\beta_1$) of 1.016000 with p value of 0.0000 which is significant at 5%. This indicates that IFRS adoption has a positive relationship with gross earnings of listed Deposit Money Banks in Nigeria. The overall effect of the regressor; IFRS on GRE of listed Deposit Money Banks in Nigeria, is shown on the model probability summary of the regression results. The F-statistic of 14.40148 with an associated Prob(F-statistic) of 0.000000 is statistically significant at 5%, which reveals that the model is well fitted, while the coefficient of determination; $R^2$ of 0.55, explains the variation of the dependent variable (ROE) as a result of the changes in the independent variable (IFRS). It can be said that IFRS has predictive power of 55% in affecting GRE of listed Deposit Money Banks in Nigeria, while the remaining 45% is accounted for by other factors which are not captured in the model.

# CHAPTER FIVE

# SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

## 5.1 Summary of Findings

Based on the analysis of this study, the following findings were deduced:

i. IFRS adoption has a significant positive effect on return on equity of listed deposit money banks in Nigeria.

ii. IFRS adoption has a significant positive effect on earnings per share of listed deposit money banks in Nigeria.

iii. IFRS adoption has a significant positive effect on net profit margin of listed deposit money banks in Nigeria.

iv. IFRS adoption has a significant positive effect on gross earnings of listed deposit money banks in Nigeria.

## 5.2 Conclusion

This study assessed the effect of international financial reporting standards on performance of deposit money banks listed on the floor of Nigeria Stock Exchange. This study obtained panel data from annual reports and account and publications of the deposit money banks that operated during 2007-2016. In addition, the study specifically examined the effect of IFRS adoption on return on equity, earnings per share, net profit margin and gross earnings. To determine the relationship that exists amongst the study variables, Pearson Correlation Coefficient, Ordinary Least Square (OLS) regression estimate and Chow test were employed. This study revealed that IFRS adoption has a significant positive effect on return on equity, earnings per share, net profit margin and gross earnings of listed deposit money banks in Nigeria at 5% significant level respectively.

## 5.3 Recommendations

Following the elucidation of this study, findings and conclusion the following recommendations are hereby suggested:

(a) The Financial Reporting Council of Nigeria should sponsor continuous researches on the application of IFRS in Nigeria.

(b) The Financial Reporting Council should undertake aggressive publicity on the IFRS operation in Nigeria.

(c) Central Bank of Nigeria, Financial Reporting Council of Nigeria, Nigeria Deposit Insurance Corporation and Securities and Exchange Commission should continuously monitor IFRS compliance by Banks.

(d) There should be massive educational training and re-training on IFRS for students, employees, employers, accountants and auditors.

### 5.4 Contribution to Knowledge

This work has contributed to the body of knowledge in the following areas:

Firstly, this work tends to be the first attempt to exclusively determine the effect of IFRS adoption on performance of listed deposit money banks by employing Chow test (to the best knowledge of the researcher).

Secondly, the results of this study have provided strong empirical validation that a significant positive relationship exists between IFRS adoption and performance of listed deposit money banks in Nigeria.

Thirdly, related works in this area considered between one to three performance indices, but this study considered four performance indices, which are return on equity, earnings per share, net profit margin and gross earnings.

### 5.5 Suggestions for further Study

i. IFRS Adoption and Accounting Quality of Quoted Manufacturing Firms in Nigeria
ii. International Financial Reporting Standards (IFRS) for SMEs Adoption Process in Nigeria.
iii. IFRS fair value measurement and Profitability: A study of deposit money banks in Nigeria.
iv. IFRS adoption and value relevance of financial statements of Nigeria listed banks

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# Appendix I

**Nigeria Stock Exchange**

**Listed Banks As At 31st December, 2016**

**Sample Size of the Study**

1) Access Bank Plc
2) Diamond Bank Plc
3) Eco Bank Plc
4) FCMB Bank Plc
5) Fidelity Bank Plc
6) First Bank Plc
7) Guaranty Trust Bank Plc
8) Skye Bank Plc
9) Stanbic IBTC Plc
10) Sterling Bank Plc
11) Union Bank Plc
12) United Bank of Africa Plc
13) Wema Bank Plc
14) Zenith International Plc
15) Unity Bank Plc

# Appendix II

## Operational Data Sets of Study Variable

| BANKS | YEAR | IFRS | ROE | EPS | NPM | GRE |
|---|---|---|---|---|---|---|
| ACCESS | 2007 | 0.00 | 0.14 | 1.42 | 0.42 | 2.04 |
| ACCESS | 2008 | 0.00 | 0.21 | 1.22 | 0.64 | 1.02 |
| ACCESS | 2009 | 0.00 | 0.23 | 1.34 | 0.78 | 0.94 |
| ACCESS | 2010 | 0.00 | 0.23 | 0.45 | 0.67 | 0.95 |
| ACCESS | 2011 | 0.00 | 0.11 | 0.49 | 0.33 | 1.11 |
| ACCESS | 2012 | 1.00 | 0.11 | 0.53 | 0.33 | 0.87 |
| ACCESS | 2013 | 1.00 | 0.08 | 0.46 | 0.48 | 4.4 |
| ACCESS | 2014 | 1.00 | 0.08 | 0.98 | 0.6 | 4.13 |
| ACCESS | 2015 | 1.00 | 0.06 | 0.34 | 0.89 | 0.9 |
| ACCESS | 2016 | 1.00 | 0.13 | 0.46 | 0.64 | 0.84 |
| DIAMOND | 2007 | 0.00 | 0.11 | 0.43 | 0.69 | 0.85 |
| DIAMOND | 2008 | 0.00 | 0.1 | 0.52 | 0.85 | 0.83 |
| DIAMOND | 2009 | 0.00 | 0.11 | 0.73 | 0.81 | 1.16 |
| DIAMOND | 2010 | 0.00 | 0.11 | 0.75 | 0.77 | 1.11 |
| DIAMOND | 2011 | 0.00 | 0.11 | 0.81 | 0.78 | 0.99 |
| DIAMOND | 2012 | 1.00 | 0.16 | 0.17 | 0.41 | 4.76 |
| DIAMOND | 2013 | 1.00 | 0.13 | 0.34 | 0.25 | 5.04 |
| DIAMOND | 2014 | 1.00 | 0.06 | 0.37 | 0.45 | 5.51 |
| DIAMOND | 2015 | 1.00 | 0.08 | 0.53 | 0.38 | 0.77 |
| DIAMOND | 2016 | 1.00 | 0.1 | 0.56 | 0.46 | 0.68 |
| ECO | 2007 | 0.00 | 0.12 | 0.74 | 0.43 | 0.68 |
| ECO | 2008 | 0.00 | 0.1 | 0.62 | 0.49 | 3.56 |
| ECO | 2009 | 0.00 | 0.12 | 0.71 | 0.4 | 2.53 |
| ECO | 2010 | 0.00 | 0.09 | 0.48 | 0.04 | 0.82 |
| ECO | 2011 | 0.00 | 0.16 | 0.87 | 0.2 | 0.83 |
| ECO | 2012 | 1.00 | 0.16 | 0.73 | 0.89 | 0.83 |
| ECO | 2013 | 1.00 | 0.12 | 0.97 | 0.07 | 1.05 |
| ECO | 2014 | 1.00 | 0.12 | 1.22 | 0.28 | 1.83 |
| ECO | 2015 | 1.00 | 0.12 | 1.21 | 0.85 | 0.7 |
| ECO | 2016 | 1.00 | 0.11 | 0.93 | 0.43 | 0.71 |
| FCMB | 2007 | 0.00 | 0.08 | 0.31 | 0.05 | 4.01 |
| FCMB | 2008 | 0.00 | 0.1 | 0.37 | 0.07 | 4.07 |
| FCMB | 2009 | 0.00 | 0.13 | 0.58 | 0.14 | 4.75 |
| FCMB | 2010 | 0.00 | 0.22 | 0.05 | 0.19 | 1.06 |
| FCMB | 2011 | 0.00 | 0.86 | 0.13 | 0.5 | 2.03 |
| FCMB | 2012 | 1.00 | 1.39 | 0.08 | 6.69 | 1.55 |
| FCMB | 2013 | 1.00 | 0.1 | 0.41 | 0.25 | 0.83 |

| | | | | | | |
|---|---|---|---|---|---|---|
| FCMB | 2014 | 1.00 | 0.09 | 0.8 | 0.81 | 0.71 |
| FCMB | 2015 | 1.00 | 0.11 | 0.38 | 0.49 | 0.88 |
| FCMB | 2016 | 1.00 | 0.14 | 0.56 | 0.43 | 0.91 |
| FIDELITY | 2007 | 0.00 | 0.11 | 0.43 | 0.23 | 1.61 |
| FIDELITY | 2008 | 0.00 | 0.13 | 0.63 | 0.34 | 1.84 |
| FIDELITY | 2009 | 0.00 | 0.13 | 0.1 | 0.79 | 1.54 |
| FIDELITY | 2010 | 0.00 | 0.81 | 0.81 | 0.98 | 1.72 |
| FIDELITY | 2011 | 0.00 | 0.05 | 0.05 | 0.97 | 5.55 |
| FIDELITY | 2012 | 1.00 | 0.13 | 4.73 | 0.76 | 5.14 |
| FIDELITY | 2013 | 1.00 | 0.12 | 5.62 | 0.64 | 5.73 |
| FIDELITY | 2014 | 1.00 | 0.1 | 0.41 | 0.76 | 1.04 |
| FIDELITY | 2015 | 1.00 | 0.11 | 0.89 | 0.98 | 1.11 |
| FIDELITY | 2016 | 1.00 | 0.1 | 0.47 | 0.95 | 1.2 |
| FIRST | 2007 | 0.00 | 0.11 | 0.79 | 0.96 | 0.98 |
| FIRST | 2008 | 0.00 | 0.1 | 0.45 | 0.62 | 5.06 |
| FIRST | 2009 | 0.00 | 0.11 | 0.79 | 0.86 | 0.65 |
| FIRST | 2010 | 0.00 | 0.13 | 0.7 | 0.9 | 1.03 |
| FIRST | 2011 | 0.00 | 0.12 | 0.79 | 0.95 | 4.46 |
| FIRST | 2012 | 1.00 | 0.11 | 0.81 | 0.86 | 0.71 |
| FIRST | 2013 | 1.00 | 0.11 | 0.14 | 0.52 | 0.44 |
| FIRST | 2014 | 1.00 | 0.13 | 0.74 | 0.87 | 4.43 |
| FIRST | 2015 | 1.00 | 0.12 | 0.78 | 0.33 | 0.71 |
| FIRST | 2016 | 1.00 | 0.11 | 0.76 | 0.27 | 4.13 |
| GTB | 2007 | 0.00 | 0.14 | 1.85 | 0.65 | 1.27 |
| GTB | 2008 | 0.00 | 0.14 | 1.7 | 0.74 | 4.65 |
| GTB | 2009 | 0.00 | 0.16 | 2.35 | 0.71 | 6.82 |
| GTB | 2010 | 0.00 | 0.14 | 1.8 | 0.71 | 4.44 |
| GTB | 2011 | 0.00 | 0.14 | 1.17 | 0.73 | 2.89 |
| GTB | 2012 | 1.00 | 0.13 | 1.11 | 0.83 | 4.3 |
| GTB | 2013 | 1.00 | 0.11 | 1.04 | 0.58 | 3.26 |
| GTB | 2014 | 1.00 | 0.1 | 1.03 | 0.02 | 1.57 |
| GTB | 2015 | 1.00 | 0.11 | 0.38 | 0.03 | 1.17 |
| GTB | 2016 | 1.00 | 0.11 | 0.53 | 0.02 | 3.04 |
| SKYE | 2007 | 0.00 | 0.11 | 0.61 | 0.02 | 1.68 |
| SKYE | 2008 | 0.00 | 0.11 | 0.74 | 0.75 | 1.53 |
| SKYE | 2009 | 0.00 | 0.12 | 0.86 | 0.71 | 1.52 |
| SKYE | 2010 | 0.00 | 0.13 | 0.94 | 0.69 | 1.47 |
| SKYE | 2011 | 0.00 | 0.13 | 0.98 | 0.64 | 1.44 |
| SKYE | 2012 | 1.00 | 0.22 | 1.69 | 0.53 | 0.26 |
| SKYE | 2013 | 1.00 | 0.17 | 1.74 | 0.77 | 0.44 |
| SKYE | 2014 | 1.00 | 0.18 | 1.37 | 0.54 | 0.4 |
| SKYE | 2015 | 1.00 | 0.19 | 1.66 | 0.39 | 3.63 |

| | | | | | | |
|---|---|---|---|---|---|---|
| SKYE | 2016 | 1.00 | 0.15 | 1.55 | 0.28 | 1.61 |
| STANBIC | 2007 | 0.00 | 0.14 | 1.14 | 0.22 | 6.26 |
| STANBIC | 2008 | 0.00 | 0.1 | 2.19 | 0.14 | 3.13 |
| STANBIC | 2009 | 0.00 | 0.1 | 0.99 | 0.25 | 4.75 |
| STANBIC | 2010 | 0.00 | 0.1 | 0.46 | 0.18 | 0.78 |
| STANBIC | 2011 | 0.00 | 0.15 | 0.8 | 0.24 | 1.21 |
| STANBIC | 2012 | 1.00 | 0.12 | 0.67 | 0.67 | 0.64 |
| STANBIC | 2013 | 1.00 | 0.11 | 0.73 | 0.73 | 3.98 |
| STANBIC | 2014 | 1.00 | 0.1 | 0.58 | 0.87 | 3.27 |
| STANBIC | 2015 | 1.00 | 0.09 | 0.52 | 0.88 | 2.85 |
| STANBIC | 2016 | 1.00 | 0.12 | 0.67 | 0.92 | 2.54 |
| STERLING | 2007 | 0.00 | 0.15 | 2.76 | 0.7 | 3.17 |
| STERLING | 2008 | 0.00 | 0.1 | 2.27 | 0.56 | 4.97 |
| STERLING | 2009 | 0.00 | 0.11 | 2.08 | 0.63 | 1.12 |
| STERLING | 2010 | 0.00 | 0.12 | 1.72 | 0.77 | 0.82 |
| STERLING | 2011 | 0.00 | 0.11 | 1.23 | 0.74 | 0.58 |
| STERLING | 2012 | 1.00 | 0.1 | 1.31 | 0.66 | 1.39 |
| STERLING | 2013 | 1.00 | 0.1 | 1.81 | 0.27 | 5.28 |
| STERLING | 2014 | 1.00 | 0.01 | 0.06 | 0.32 | 1.36 |
| STERLING | 2015 | 1.00 | 0.11 | 1.01 | 0.57 | 1.37 |
| STERLING | 2016 | 1.00 | 0.16 | 1.17 | 0.24 | 1.2 |
| UNION | 2007 | 0.00 | 0.11 | 0.84 | 0.32 | 1.2 |
| UNION | 2008 | 0.00 | 0.09 | 0.83 | 0.62 | 0.73 |
| UNION | 2009 | 0.00 | 0.09 | 0.81 | 0.36 | 1.93 |
| UNION | 2010 | 0.00 | 0.1 | 0.83 | 0.72 | 1.64 |
| UNION | 2011 | 0.00 | 0.1 | 0.81 | 0.68 | 1.51 |
| UNION | 2012 | 1.00 | 0.16 | 2.46 | 0.54 | 1.59 |
| UNION | 2013 | 1.00 | 0.16 | 2.57 | 0.56 | 0.89 |
| UNION | 2014 | 1.00 | 0.13 | 1.22 | 0.71 | 3.65 |
| UNION | 2015 | 1.00 | 0.11 | 1.06 | 0.64 | 0.5 |
| UNION | 2016 | 1.00 | 0.11 | 1.09 | 0.58 | 3.8 |
| UBA | 2007 | 0.00 | 0.11 | 1.54 | 0.53 | 2.47 |
| UBA | 2008 | 0.00 | 0.11 | 0.7 | 0.44 | 1.01 |
| UBA | 2009 | 0.00 | 0.11 | 0.74 | 0.36 | 1.02 |
| UBA | 2010 | 0.00 | 0.1 | 0.84 | 0.36 | 4.53 |
| UBA | 2011 | 0.00 | 0.14 | 0.51 | 0.49 | 0.24 |
| UBA | 2012 | 1.00 | 0.13 | 0.84 | 0.58 | 0.44 |
| UBA | 2013 | 1.00 | 0.21 | 0.96 | 0.64 | 2.24 |
| UBA | 2014 | 1.00 | 0.11 | 0.56 | 0.63 | 2.33 |
| UBA | 2015 | 1.00 | 0.2 | 0.95 | 0.94 | 2.13 |
| UBA | 2016 | 1.00 | 0.12 | 0.53 | 0.85 | 1.94 |
| WEMA | 2007 | 0.00 | 0.16 | 1.76 | 0.47 | 1.32 |

| | | | | | | |
|---|---|---|---|---|---|---|
| WEMA | 2008 | 0.00 | 0.12 | 1.79 | 0.57 | 1.18 |
| WEMA | 2009 | 0.00 | 0.18 | 2.1 | 0.52 | 1.98 |
| WEMA | 2010 | 0.00 | 0.16 | 1.35 | 0.71 | 1.97 |
| WEMA | 2011 | 0.00 | 0.18 | 1.6 | 0.62 | 0.48 |
| WEMA | 2012 | 1.00 | 0.2 | 1.25 | 0.06 | 6.26 |
| WEMA | 2013 | 1.00 | 0.21 | 1.21 | 0.06 | 1.07 |
| WEMA | 2014 | 1.00 | 0.16 | 1.05 | 0.07 | 0.9 |
| WEMA | 2015 | 1.00 | 0.17 | 0.66 | 0.14 | 0.7 |
| WEMA | 2016 | 1.00 | 0.3 | 0.74 | 0.32 | 0.51 |
| ZENITH | 2007 | 0.00 | 0.1 | 1.34 | 0.44 | 2.1 |
| ZENITH | 2008 | 0.00 | 0.21 | 6.79 | 0.49 | 4.63 |
| ZENITH | 2009 | 0.00 | 0.13 | 2.03 | 0.87 | 4.34 |
| ZENITH | 2010 | 0.00 | 0.12 | 0.22 | 0.96 | 1.65 |
| ZENITH | 2011 | 0.00 | 0.11 | 0.96 | 0.86 | 1.56 |
| ZENITH | 2012 | 1.00 | 0.1 | 0.62 | 0.49 | 4.42 |
| ZENITH | 2013 | 1.00 | 0.09 | 0.8 | 0.81 | 0.71 |
| ZENITH | 2014 | 1.00 | 0.14 | 1.7 | 0.74 | 1.14 |
| ZENITH | 2015 | 1.00 | 0.12 | 0.71 | 0.4 | 2.53 |
| ZENITH | 2016 | 1.00 | 0.1 | 0.84 | 0.32 | 2.18 |
| UNITY | 2007 | 0.00 | 0.11 | 0.92 | 0.35 | 1.88 |
| UNITY | 2008 | 0.00 | 0.1 | 0.62 | 0.2 | 1.2 |
| UNITY | 2009 | 0.00 | 0.1 | 0.79 | 0.04 | 1.54 |
| UNITY | 2010 | 0.00 | 0.11 | 0.56 | 0.03 | 0.78 |
| UNITY | 2011 | 0.00 | 0.16 | 0.77 | 1.54 | 3.86 |
| UNITY | 2012 | 1.00 | 0.09 | 0.48 | 0.17 | 3.63 |
| UNITY | 2013 | 1.00 | 0.1 | 0.6 | 0.18 | 3.52 |
| UNITY | 2014 | 1.00 | 0.13 | 0.7 | 0.15 | 2.9 |
| UNITY | 2015 | 1.00 | 0.11 | 0.66 | 0.51 | 2.69 |
| UNITY | 2016 | 1.00 | 1.09 | 7.26 | 0.58 | 2.48 |

Source: Annual Report of Banks 2007 – 2016 and Nigerian Stock Exchange Fact Books 2007 - 2016

# APPENDIX III

## LIST OF DEPOSIT MONEY BANKS AND FINANCIAL HOLDING COMPANIES OPERATING IN NIGERIA AS AT DECEMBER 31, 2016

### COMMERICAL BANKING LICENCE WITH INTERNATIONAL AUTHORIZATION

| | NAME OF INSTITUTION | HEAD OFFICE ADDRESS |
|---|---|---|
| 1. | ACCESS BANK PLC | 999c, Danmole Street, Off Idejo Street, Off Adeola Odeku Street, Victoria Island, Lagos |
| 2. | DIAMOND BANK PLC | Plot 1261, Adeola Hopewell Street, Victoria Island, Lagos |
| 3. | FIDELITY BANK PLC | 2, Kofo Abayomi Street, Victoria Island, Lagos |
| 4. | FIRST CITY MONUMENT BANK PLC | Primose Towers, 17a, Tinubu Street, Lagos |
| 5. | FIRST BANK NIGERIA PLC | Samuel Asabia House, 35 Marina, Lagos |
| 6. | GUARANTY TRUST BANK PLC | 635, Akin Adesola Street, Victoria Island, Lagos |
| 7. | SKYE BANK PLC | 3, Akin Adesola Street, Victoria Island, Lagos |
| 8. | UNION BANK OF NIGERIA PLC | Stallion Plaza, 36 Marina, Lagos |
| 9. | UNITED BANK OF AFRICA PLC | 57 Marina, Lagos |
| 10. | ZENITH BANK PLC | Plot 84, Ajose Adeogun Street, Victoria Island, Lagos |

### COMMERICAL BANKING LICENCE WITH NATIONAL AUTHORIZATION

| | | |
|---|---|---|
| 11. | CITIBANK NIGERIA LIMITED | 27, Kofo Abayomi Street, Victoria Island, Lagos |
| 12. | ECOBANK NIGERIA PLC | 21, Ahmadu Bello Way, Victoria Island, Lagos |
| 13. | HERITAGE BANK LIMITED | 292b, Ajose Adeogun Street, Victoria Island, Lagos |
| 14. | KEYSTONE BANK LIMITED | Keystone House, 1, Keystone Crescent, Victoria Island, Lagos |
| 15. | STANBIC IBTC BANK PLC | IBTC Place, Walter Carrington Crescent, Victoria Island, Lagos |
| 16. | STANDARD CHARTERED BANK LIMITED | 142, Ahmadu Bello Way, Victoria Island, Lagos |

| | | |
|---|---|---|
| 17. | STERLING BANK PLC | Sterling Towers, 20 Marina, Lagos |
| 18. | UNITY BANK PLC | Plot 497, Central Business District, Abogo Largema Street, Abuja |
| 19. | WEMA BANK PLC | Wema Towers, 54 Marina, Lagos Island, Lagos |

**COMMERICAL BANKING LICENCE WITH REGIONAL AUTHORIZATION**

| | | |
|---|---|---|
| 20. | SUNTRUST BANK NIGERIA LIMITED | 1, Oladele Olashore Street, Victoria Island, Lagos |
| 21. | PROVIDUSBANK PLC | Plot 54, Adetokunbo Ademola Street, Victoria Island, Lagos |

**NON-INTEREST BANKING LICENCE WITH NATIONAL AUTHORIZATION**

| | | |
|---|---|---|
| 22. | JAIZ BANK PLC | Kano House, Plot 73, Ralph Shodeinde Street, Central Business District, Abuja |

**MERCHANT BANKING LICENCE WITH NATIONAL AUTHORIZATION**

| | | |
|---|---|---|
| 23. | CORONATION MERCHANT BANK | St. Nicholas House, 6th Floor, 28A, Catholic Mission Street, P.M.B 12511, Marina, Lagos |
| 24. | FBN MERCHANT BANK | 2, Broad Street, P.O. Box 4238, Lagos |
| 25. | FSDH MERCHANT BANK | UAC House, 5th-8th Floor, 1/5 Odunlami Street, P.M.B 12913, Lagos |
| 26. | RAND MERCHANT BANK | 12th Floor, Churchgate Towers, 2 Plot PC 31, Churchgate Street, Victoria Island, Lagos |
| 27. | NOVA MERCHANT BANK | 23, Kofo Abayomi Street, Victoria Island, Lagos |

**FINANCIAL HOLDING COMPANIES IN NIGERIA**

| | | |
|---|---|---|
| 1. | FBN HOLDINGS PLC | Samuel Asabia House, 35 Marina, P.O. Box 5216, Lagos |
| 2. | FCMB GROUP PLC | First City Plaza, 44 Marina, Lagos |
| 3. | STANBIC IBTC HOLDINGS PLC | I.B.T.C Place, Walter Carrington Crescent, P.O. Box 71707, Victoria Island, Lagos |

**Source: Central Bank of Nigeria, 2016.**