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International Financial Reporting Standards (IFRS) Implementation and Quality of Financial Reporting of Commercial Banks in Nigeria

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Abstract
The study mainly examined the impact of International Financial Reporting Standards (IFRS) implementation on the quality of financial reporting of commercial banks quoted on the Nigerian Exchange Group (NGX). Earnings management, value relevance and timely loss recognition were used as proxies to measure quality of financial reporting banks. This research work employed the Ex-Post Facto research design. The data were extracted from the published annual reports and financial statement of ten (10) selected commercial banks listed on the Nigerian Exchange Group (NGX) for the relevant years sampled for analysis. The sample for the study consists of ten banks after filtering out fourteen banks on the basis of: Banks that were in existence and listed as at 31 December 2021 and banks that have not been taken over, acquired or merged by other banks or changed their names between 2005 to 2021. Secondary data on ten listed commercial money banks were analyzed using Paired Student t-test. The study used financial statements of the selected banks for ten (10) years; 2005 – 2011 for pre-IFRS era and 2015 – 2021 for post-IFRS era. The findings revealed that there is a significant mean difference in value relevance (measured using book value of shares) of commercial banks in Nigeria before and after the implementation of IFRS, while there is an insignificant mean difference in earnings management (measured using total revenue) and timely loss recognition (measured using earnings per share) of listed commercial banks in Nigeria before and after the implementation of IFRS. Based on the findings, the study recommends that banks should continue to comply with provisions of IFRS as it will improve their reporting quality which may also improve their performance as result of more investment flow, easy access to capital and comparability. Also, Banks should prepare adequately on all fronts for the implementation of IFRS. The study further recommends that banks should endeavour to use the opportunity presented by the adoption of IFRS to improve their business process and procedures.

Keywords: *IFRS implementation, Earnings Management, Value Relevance, Timely Loss Recognition, Commercial Banks.*

1.0 INTRODUCTION

Globalization of capital markets requires a unified global accounting, reporting and disclosure set of standards. As a result of increasing volume of cross border capital flows and the growing number of foreign direct investments via mergers and acquisitions in the globalization era, the need for the harmonization of different practices in accounting and the acceptance of worldwide standards became important. Hence the introduction of International Financial Reporting Standards (IFRS).

The IFRS (International Financial Reporting Standards) consists of a set of international accounting principles, the adoption of which aims at establishing clear rules originally within the European Union to draw up comparable and transparent annual reports and financial statements (Chen et al., 2010). Their adoption represents an essential element in order to be integrated, competitive and attractive beyond the European capital markets. The introduction of this acceptable global high quality financial reporting standards was initiated in 1973 when the International Accounting Standard Committee (IASC) was formed by sixteen (16) professional bodies from different countries such as United States of America, United Kingdom, France, Canada, Germany, Australia, Japan, Netherlands and Mexico (Garuba & Donwa, 2011). According to Ezeani and Oladele (2012), this body was properly recognized in 2001and later transformed into the International Accounting Standards Board (IASB) which developed accounting standards and related interpretations jointly referred to as the International Financial Reporting Standards (IFRS).

Before the IFRS implementation era, most countries had their own standards with local bodies responsible for developing and issuance of the local standards even though some of them align largely with the IAS. In this same vein and in the Nigerian context, the Nigerian Accounting Standards Board (NASB) was responsible for developing and issuing standards known as Statements of Accounting Standards (SAS) and in the new dispensation, the body was renamed Financial Reporting Council (FRC) of Nigeria as the regulatory body overseeing the adoption and implementation IFRS (Kenneth 2012). As a result of increasing globalization resulting in more competition, it becomes imperative that countries and companies alike address issues that will make them become more attractive of investors' capital (Essien-Akpan, 2011). Accessibility to capital, both from local and foreign investors, amongst other benefits, is one of the incontrovertible gains derivable from implementing the global accounting standards. And for countries and companies to avail themselves of this gain, as contended by proponents of IFRS, they have to adopt this set of accounting standards which will arguably help entrench best practices in financial reporting.

The implementation of IFRS has been argued in contemporary literature to offer numerous financial and non-financial benefits. It is therefore in this connection that Barth et al. (2008) argued that IFRS (and their predecessor IAS) constrain managerial discretion while Daske et al., (2008) submitted that IFRS impose a more comprehensive and highly detailed set of disclosure requirements than domestic accounting standards. When disclosure is improved upon and managerial discretions, with respect to treatment of accounting transactions, are constrained, this arguably suggests that IFRS will improve accounting quality and engender better financial reporting practices. Importantly, improved comparability is also one of the value-adding characteristics of IFRS as contended by its advocates. Many countries all over the world, including

Nigeria, are now IFRS-compliant. As a result, it is now less costly for investors to compare and evaluate firms inside and outside industries and countries (Covrig, DeFond, and Hung, 2007). As Nigeria now belongs to the League of IFRS-adopting countries with effect from 2012, perhaps persuaded by the gains it promises, it however remains to be convincingly empirically established the extent to which this set of accounting standards have impacted on the quality financial reporting of commercial Banks listed in Nigeria. This study therefore is an attempt to provide empirical evidence on the impact of IFRS adoption on the quality of financial reporting in the Nigerian banking sector.

Some researchers (Ewert and Wagenhofer, 2005; Barth et al, 2007) opined that the adoption of IFRS has resulted in an increase in the quality of accounting information, others (Paananen, 2008; Ahmed, Neel & Wang, 2012) were of the opinion that IFRS adoption has reduced the quality of financial reporting of firms that adopts it. (Barth et al, 2007; Arum, 2013; Nassar, Uwuigbe, Uwuigbe and Abuwa, 2014) suggest that the adoption of International Financial Reporting Standards (IFRS) will improve the quality of financial reporting. The argument is based on the idea that using a common set of accounting standards will to a large extent, enhance the quality of financial reporting. On the other hand, Beuren & Klann, (2015) argued that the adoption of IFRS will create room for manipulating accounting numbers because IFRS is principle-based; thus reducing the quality of financial reporting. The premise of their argument is that IFRS, being principled-based, encourages financial managers to use their professional discretion and be creative, which will decrease the reliability, relevance, transparency, and comparability of financial reporting information. Arum (2013) investigated the impacts of IFRS implementation on the quality of accounting information in Indonesia; they posited that the implementation of IFRS is expected to bring about better, more reliable and relevant financial reporting quality capable of minimizing moral hazard in the financial statements to conduct earnings management through accrual policy. Some other studies (Outa 2011) found no effect on the quality of financial reporting after IFRS implementation; they found a mixed result which indicates that IFRS implementation neither increases nor decreases the quality of financial reporting.

Despite the numerous benefits associated with IFRS implementation, there still exist arguments as to whether IFRS increases the quality of accounting information of firms that implement it. There has been mixed evidence as to whether or not IFRS adoption leads to increase in the quality of financial reporting. It however remains to be convincingly established empirically the impact of IFRS implementation on the quality financial reporting of organisations. This study therefore is an attempt to provide empirical evidence on the impact of IFRS implementation on the quality of financial reporting in the Nigerian banking sector.

The main objective of this study therefore, is to ascertain the impact of IFRS adoption on the quality of financial reporting of commercial banks listed on the Nigerian Exchange Group (NGX).

Specific objectives of this study are to:

- determine whether there is variation between the earnings management before and after the implementation of IFRS;
- ascertain whether there is difference between the value relevance before and after the implementation of IFRS;
- examine whether there is difference between the timely loss recognition before and after the implementation of IFRS.

2.0 REVIEW OF RELATED LITERATURE

CONCEPTUAL FRAMEWORK

Concept of international financial reporting standards (IFRS)

IFRS are defined as Standards and Interpretations adopted by the International Accounting Standards Board (IASB). International Financial Reporting Standards comprises International Financial Reporting Standards (IFRS); International Accounting Standards (IAS); interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC).

The International Accounting Standards Board (IASB) adopted International Accounting Standards (IASs) issued by the International Accounting Standard Committee (IASC) on 1 April, 2001 and the standards were adopted by over 90 countries around the world. International Accounting Standards includes IFRSs, IASs, SIC interpretations and IFRIC Interpretations. International Financial Reporting Standards are developed through an international process which includes accountants, financial analysts, stock exchanges, academics and other interested individuals, regulatory and legal authorities, business community, organizations around the world and other users of financial statement.

The International Accounting Standard Board (IASB) is funded and overseen by the International Accounting Standard Committee (IASC). The International Accounting Standard Board (IASB) also receives financial support from central and development banks, industrial companies throughout the world, accounting firms, international and professional organizations, major accounting firms and private financial institutions.

The IFRS (International Financial Reporting Standards) consists of a set of international accounting principles, the adoption of which aims at establishing clear rules originally within the European Union to draw up comparable and transparent annual reports and financial statements (Cardozza, 2008). Their adoption represents an essential element in order to be integrated, competitive and attractive beyond the European capital markets. With the increasing internationalisation of trading activities amongst countries of the world, necessitated by globalisation, the Nigerian Government was persuaded to approve a roadmap to introduce this set of uniform accounting standards initially for public interest entities (PIEs)**.**

The introduction of an acceptable global high quality financial reporting standards was initiated in 1973 when the International Accounting Standard Committee (IASC) was formed by sixteen (16) professional bodies from different countries such as United States of America, United Kingdom, France, Canada, Germany, Australia, Japan, Netherlands and Mexico (Garuba and Donwa, 2011). According to Ezeani and Oladele (2012), this body was properly recognized in 2001and later transformed into the International Accounting Standards Board (IASB) which developed accounting standards and related interpretations jointly referred to as the International Financial Reporting Standards (IFRS). Before the IFRS adoption era, most countries had their own standards with local bodies responsible for developing and issuance of the local standards even if some of them align largely with the IAS.

Impact of International Financial Reporting Standards

The convergence and subsequent change of accounting and reporting standards at the international level impact a number of constituents.

Pologeorgis (2013) enumerated the following as the specific impact of IFRS to corporate management, investors, stock markets, accounting professionals and accounting standards setters and agencies.

Corporate management will benefit from simpler, streamlined standards, rules and practices that apply to all countries and are followed worldwide. The change will afford corporate management the opportunity to raise capital via lower interest rates while lowering risk and the cost of doing business.

Investors will have to re-educate themselves in reading and understanding accounting reports and financial statements following the new internationally accepted standards. At the same time, the process will provide for more credible information and will be simplified without the need for conversion to the standards of the country.

Further, the new standards will increase the international flow of capital. Stock markets will see a reduction in the costs that accompany entering foreign exchanges, and all markets adhering to the same rules and standards will further allow markets to compete internationally for global investment opportunities.

The shift and convergence of the current standards to internationally accepted ones will force accounting professionals to learn the new standard, and will lead to consistency in accounting practices.

The development of standards involves a number of boards and entities that make the process longer, more time consuming and frustrating for all parties involved. Once standards have converged, the actual process of developing and implementing new international standards will be simpler and will eliminate the reliance on agencies to develop and ratify a decision on any specific standard.

From another perspective Ikpehai (2011) outlined the effect of IFRS on financial reporting of banks, insurance firm and real estate by concentrating on the basic reporting changes IFRS and banking: financial instruments classification, measurement, recognition and DE recognition; financial instrument impairment; hedge accounting; definition of debt versus equity; consolidation and special purpose entities; presentation of financial statement and disclosures of financial instrument; leases; insurance contract; post-employment benefit; IFRS 1- first time adoption.

IFRS and real estate: investment properties; impairment; property, plant and equipment; leases; sale of real estate; sale and lease back; joint ventures; taxes; IFRS 1- first time adoption; presentation of financial statements.

IFRS and telecoms: revenue recognition; capacity transaction; intangible assets; property, plant and equipment; impairment of non-financial assets; leases; financial instruments; provisions and contingencies; IFRS first time adoption; presentation of financial statement.

The adoption of IFRS will impact all aspects of operations, decision-making and communications that are dependent on reported financial results. Entities will need to consider the impact IFRS on: accounting and reporting systems, Information systems, internal controls, availability and capability of resources, corporate income taxes, Education and training, communication requirements, project management and tax reporting.

Wensveen (2010) concluded that IFRS is not just a finance thing but phenomenon that cut across every aspect of an entity and further explains their impact on board, information technology, business operations, finance, investors and management.

Interestingly, the impact of IFRS has been broadened as it does not only affect the accountants even though it an accounting issue. Weenvens (2010) explains that every sector of a firm has its own role to play if the goal of IFRS must be achieved.

Financial Reporting Quality (Accounting quality)

There is no uniform definition of the term Financial Reporting Quality (Accounting Quality). Most studies describe accounting quality in terms of financial reports reflecting the true and fair value of a firm. Penman (2002) cited in Ames (2013) opined that accounting quality should be addressed and discussed in terms of the shareholders' interests and the usefulness of accounting information in assisting the shareholders. Barth et al (2007) described accounting quality as the capability of accounting measures to reflect a firm's economic condition and performance. Previous studies (Barth et al, 2007; Paananen, 2008) used earnings management, value relevance, and timely loss recognition as determinants of accounting quality. Barth, Landsman, Lang and Williams (2006) considered earnings management, accrual quality, and earnings timeliness as the dimensions of accounting quality; their argument was that these dimensions of accounting quality are potential sources of the increase in comparability of variations in economic outcomes. For the purpose of this study, earnings management will be the determinant of accounting quality.

IFRS and Financial Reporting Quality

Empirical studies have investigated the effects of adopting IAS/IFRS in Europe on investors' perception of accounting quality prior to Regulation 1606/2002, providing evidence in favour of their adoption. By means of disclosure quality scores provided by reputed experts, Daske and Gebhardt (2006) report, for instance, an increase in accounting quality for a sample of Austrian, German, and Swiss firms switching to IAS/IFRS in the period prior to their mandatory adoption in Europe. Similar results are provided by value-relevance studies such as the ones by Bartov et al. (2005), which document an increase in the value-relevance of earnings for German firms adopting IAS/IFRS. Barth et al. (2008) also compare domestic GAAP and IAS/IFRS across 21 countries, suggesting that firms applying IAS/IFRS exhibit less earnings management, more timely loss recognition, and more value-relevant accounting measures. However, all these studies refer to voluntary adoption of IAS/IFRS, which might be the result of corporate incentives to increase transparency. Ashbaugh (2001), for instance, documents that the decision to report under IAS/IFRS is positively related to corporate size, the number of foreign equity markets on which the firm's shares are traded and the additional issuance of equity shares. Similar findings are reported by Cuijpers and Buijink (2005) and Gassen and Selhorn (2006). For a sample of European non-financial firms that voluntarily adopted IAS/IFRS, Cuijpers and Buijink (2005) document that foreign listing and geographical dispersion of operations are important drivers. Gassen and Selhorn (2006) also show that size, international exposure, dispersion of ownership, and IPOs are important determinants of voluntary IAS/IFRS adoption by publicly traded German firms. Findings therefore suggest that companies voluntarily shifting to IAS/IFRS have incentives to improve transparency and the quality of financial reporting. Along the same lines, Covrig et al. (2007) argued that foreign mutual fund ownership is significantly higher among IAS/IFRS adopters, which suggests a voluntary switch to IAS/IFRS aimed at attracting foreign investors by providing them with both more information and information that is more familiar to them.

THEORETICAL FRAMEWORK

The theoretical framework of this study is anchored on the Agency Theory and Signaling theory.

The Agency Theory

The agency theory is credited to Stephen Ross and Barry Mitnick who published their works in 1973 (Mitnick, 2006; Nwaubani, 2019). As Mitnick (2006) put it "The first scholars to propose, explicitly, that a theory of agency be created, and to actually begin its creation, were Stephen Ross and Barry Mitnick, independently and roughly concurrently". Ross is said to have originated the economic theory of agency while Mitnick is the first to propound the institutional aspect of agency theory. However, the basic concepts in the two approaches are considered similar. Some authorities such as Jensen and Meckling (1976) and Fama (1980) have also been credited with doing pioneering work on some aspects of the agency theory particularly in the area of conflict of interests in relation to the modern firm (Daly, 2015). The Agency Theory focuses on the nature of the principal-agent relationship, the rights and duties of the parties involved, the agency problems and its mitigants using regulations, various corporate governance practices and observations aimed at controlling decisions and actions of the agents in the modern firm (Nwaubani, 2019). The thrust of the agency theory is the problem of conflicting interests among the parties in the relationship/contract (Daly, 2015). With respect to the modern firm, the directors and managers are the agents of the shareholders- their principal. The divergence of interests between the principal (shareholders) and the agents (directors and managers of the firms) is known as the agency problem which makes it necessary for the shareholders to adopt ways of monitoring the mangers and motivating them towards maximizing interests of the shareholders. Many approaches open to the firms/owners towards monitoring the interests of directors/managers include among others, adoption and observation of national corporate governance codes, adoption and implementation of national and international accounting standards such as the International Financial Reporting Standards (IFRS) has made mandatory by legislation.

Signaling Theory

This theory refers to the idea that the agents send information to the principal in order to create credible relationship. Managers have more first-hand information about the firm than firm's investors do but they are always reluctant to provide transparent information to the shareholders. So, the financial characteristics of a firm can be used for information purpose and it also act as a signal for the firm's future projection proficiently

Under the signaling theory, developed by Spencer in the year 1973. Financial reporting is said to be originated from management's need to disclose its admirable performance where, good performance will amplify the management's distinction and position in the market for management services, and good coverage, which include revealing risk information which is studied as reports to send specific indicators to current and potential customers.Information signaling model developed by (Miller and Rock 1985) suggest that financial data convey information to individual and institutional investors regarding the firm's future prospects. Indeed, when a company listed on the Stock Exchange makes pronouncement about its trading in regards to its financial performance, the expectations of the public especially speculators tend to rise.

Managers use the account to signal their view to investors who use accounting information for decision making. Managers who expect a high level of future growth would signal that via pronounced financial statements. Even managers of firms with poor financials would signal

positive news to absorb high rating among investors. The adoption of IFRS paves way for firms in developing countries to present financial statements using high quality accounting standards

EMPIRICAL REVIEW

Emmanuel (2020): examined the pre- and post-IFRS adoption effects on the financial reporting quality (FRQ) of manufacturing firms listed on the Ghana Stock Exchange (GSE) via means of correlation analysis, as well as regression analysis using a standard Fixed Effect (FE) model and the Ordinary Least Squares (OLS) technique. Data was sourced from the audited annual reports of eleven manufacturing firms observed over the period 2001 to 2006 for the pre-adoption era, and 2007 to 2014 for the post adoption era, making 148 firm-year observations. Using earnings management, measured by modified Jones' discretionary accruals, as a proxy for FRQ, the regression results showed a significant negative effect of IFRS adoption on earnings management, thus indicating an improvement in the FRQ. On the extent of earnings management practices both pre- and post-IFRS adoption, the study finds a decrease in the post-adoption era as against the pre-adoption era, also signifying an improvement in accounting quality after the adoption of IFRS. The findings of this study indicate that, IFRS adoption enhances the quality of firms' financial reports within the Ghanaian capital market, which is envisaged to boost investor confidence and attract more capital.

Amankwa, *et al.,* (2020) investigated the effect of IFRS adoption on the quality of financial statements of selected firms on the Ghana Stock Exchange. The study used the extent of management practices as a metric for financial statement quality. The audited annual reports of the selected firms from the GSE were analyzed using a panel regression model over the period 2001-2006 and 2007-2014. The study finds the adoption of IFRS to be significantly and negatively affect earnings management practices and, thus, improves financial statement quality. On the extent of earnings management practices, the study finds a decrease in the post-adoption era as opposed to the pre-adoption era, signifying an improvement in accounting quality. The panel regression results show that adopting IFRS significantly decreases the extent of earnings management.

Chuks (2020), examined the effect of IFRS adoption on the financial performance and value of the listed banks in Nigeria. Using a sample of 5 banks, (8 years' observation) that have adopted the international financial reporting standard (IFRS) from 2012 to 2015 and pre-IFRS period from 2008 to 2011, we can investigate performance and value of the listed banks. As the main objective of the study, we introduced panel data analysis on Return on Asset, Return on Equity and earnings per share (EPS) and IFRS dummy variable as the independent variables into the model. The paper uses the Fixed Effect Model as the appropriate estimator for analysis of the data. The estimated coefficient on the regime period (RR) term is statistically insignificant and positive in the models. The results suggest that the adoption of IFRS in Nigeria has not lead to higher performance and increased value. Overall, results suggest that the findings of this study are utmost important financial analyst, policy-makers and concerned stakeholder to ensuring that all firms adopt IFRS and create easy access for comparability. This will enable relevant and reliable financial information to be passed to the capital market for investors to take an informed and relevant decision.

Kaushalya and Kehelwalatenna (2020), investigated the impact of IFRS adoption on value relevance of accounting information in a developing country, Sri Lanka. The study uses publicly

available data in annual financial statements and Colombo Stock Exchange (CSE) reports of all listed companies in the CSE during 2008 – 2018 to estimate panel data regression models. Findings of the study indicate that price value relevance of Sri Lankan firms has increased and return value relevance has decreased upon adopting IFRS in 2012. It also reveals that value relevance of book value of equity has increased, value relevance of operating cash flows has not changed, and value relevance of earnings has decreased after the IFRS adoption. This resembles extant research findings on IFRS give more prominence to financial position (balance sheet items) and investors pay more attention on book value of the firm than earnings in their decision making. The study adds empirical evidence on the impact of IFRS adoption on value relevance of accounting information in a developing country contrary to almost all similar past studies provide evidence related to developed and emerging countries. Given the contextual differences in developed, emerging, and developing countries the findings of this study offer a better explanation on the influence of IFRS adoption on value relevance of accounting information in a developing market. The present study controls the impact of company size and incurring losses on value relevance of accounting information of firms as a modification to existing models reported in literature to provide much more robust evidence.

Ceccobelli and Giosi (2019) investigated the purposes of earnings management in the banking industry via loan loss provisions. Secondary data from a sample of 156 banks from 19 European countries under the Single Supervisory Mechanism (SSM) for the period 2006-2016 were used. The data were analyzed using regression model. Specifically, the banks were tested for income smoothing, capital management, and signaling purposes. Findings strongly support income smoothing and signaling purpose. However, findings showed no evidence for capital management purpose. Also the result revealed that non-discretionary components of loan loss provisions (basically non-performing loans) did not play major role during the global financial crisis.

Rabiu (2019), this study empirically evaluate the impact of adoption of IFRS on accounting quality in Nigeria using the money deposit banks. The study utilized the annual reports and accounts of 15 banks listed in the Nigerian Stock Exchange for the period of 2011 to 2014 (that is two years before and two years after adoption); using liner regression analysis was employed in analyzing the data generated for the study. Based on the data analyses, the study found that large loss recognitions have increased in the post adoption period. Based on the research findings, the researcher recommends that developing nations should adopt IFRS as their financial reporting standard as it is capable of increasing their accounting quality.

Ajibade, *et al.,* (2019). Examine the effect of adopted International Financial Reporting Standards (IFRS) adoption on the financial performance of banks in Nigeria and Canada. The study made use of cross sectional data obtained for a period of 10 years from 2006 to 2017, while the regression analysis was used to examine the impact of IFRS adoption on the earnings of 5 banks in Nigeria and Canada. The study found a significant and positive relationship between IFRS adoption and the banks in Nigeria and Canada. The study concludes that IFRS adoption has improved the decision making capability of the various stakeholders, thus, increasing investor confidence. The study suggests that, in order to safeguard the suitable adoption of IFRS in Nigeria and Canada, competent Accountants and Auditors in IFRS are required in large number and that the Institute of Chartered Accountants of Nigeria and Canada must intensify it efforts in organizing IFRS based training programs for its members and other parties connected with corporate reporting.

GAP IN LITERATURE REVIEWED

This study will significantly contribute to the existing literature because, all the previous studies related to a certain time frame and given the ever-changing and active nature of accounting, it becomes necessary to continually fill the gaps of what is known about the level of the impact of IFRS implementation on the quality of financial of reporting banks quoted on the Nigerian Group (NGX).

Also, most of the literatures reviewed used only earning management as a proxy for quality of financial statement, but this study used three proxies for quality of financial statement namely: earning management, value relevance and timely loss recognition.

3.0 METHODOLOGY

Research Design

This research work employed the Ex-Post Facto research design. The data were extracted from the published annual reports and financial statement of ten (10) selected commercial banks listed on the Nigerian Exchange Group (NGX) for the relevant years sampled for analysis.

Population of this study included all the fourteen (14) commercial banks listed on the Nigerian Exchange Group (NGX) as at 31st December, 2021.The banking industry is viewed as the most organised and regulated sector in Nigeria whose annual report is easily accessible. The banks are Access Bank, EcoBank, First Bank, FCMB, Fidelity Bank, Guaranty Trust Bank, Jaiz Bank, Stanbic IBTC Bank, Sterling Bank, Union Bank, United Bank for Africa (UBA), Unity Bank, Wema Bank and Zenith Bank.

The sample for the study consists of ten banks after filtering out fourteen banks on the basis of:

i. Banks that were in existence and listed as at 31 December 2021.

ii. Banks that have not been taken over, acquired or merged by other banks or changed their names between

2005 to 2021. They are: Access Bank, EcoBank, First Bank, FCMB, Fidelity Bank, Guaranty Trust Bank, Stanbic IBTC Bank, Union Bank, United Bank for Africa (UBA), And Zenith Bank.

For the purpose of this study, secondary data were collected. The study used financial statements of the selected banks for fourteen (14) years; 2005 – 2011 for pre-IFRS era and 2015 – 2021 for post-IFRS era.

The statistical tool that was used for testing the hypotheses is the t-test.

To test the difference in the variables concerned, T-test was used. T-test helps to ascertain the differences in ROA, ROE, Receivable Turnover, Payable Turnover, Tobin Q and Price Earnings ratio pre and post adoption of IFRS.

The following formula to calculate the T-Score:

$$t = \frac{(\sum D)/N}{\sqrt{\frac{\sum D^2 - \left(\frac{(\sum D)^2}{N}\right)}{(N-1)(N)}}}$$

Where;

ΣD: Sum of the differences (Sum of X-Y)

ΣD^2: Sum of the squared differences squared

$(\Sigma D)^2$: Sum of the differences (from Step 2), square

N: Number of paired Observation
Given the decision rule: Reject the null hypothesis if $p < 0.05$
Note that T-test is used when measuring the difference of two mean. Thus, t-test is suitable for this study since the hypotheses tried to measure the difference between pre and post values of performance variables.

Variables Definitions

S/N	VARIABLES	TYPE	MEASURE	Source	Apriori expectation
1	Earnings management	Dependent	Total revenue (TREV).	(Kothari et al. 2006; Meisel, 2013)	Positive
2	Value relevance	Dependent	Book value of shares (BVS).	(Francis and Schipper, 1999; Ohlson, 1995)	Positive
3	Timely loss recognition	Dependent	Earnings per share Net (EPS).	Basu (1997); Beaver et al. (1980)	Positive

4.0 DATA PRESENTATION AND ANALYSIS
Data Presentation
This section presents the data collected from the listed commercial banks in Nigeria from the period 2005-2021 of all variables under investigation (see appendices 1 attached).
Descriptive Statistics
Table 4.1: Descriptive statistics of Pre IFRS implementation

	N	Minimum	Maximum	Mean	Std. Deviation
PRE-EPS	70	-13.60	55.30	1.5191	6.95942
PRE-TREV	70	4.10	8.08	5.7980	1.30916
PRE-BVS	70	.00	79.50	16.4597	17.38024

Source: Extracted from appendix 2
Table 4.1 presents the descriptive statistics of all the variables before the implementation of IFRS. N represents the number of observations and therefore the number of observations for the study is 70.
The earnings per share (EPS) has a mean of 1.5191 with a deviation of 6.95942. The EPS also revealed a minimum and maximum value of -13.60 and 55.30 respectively. The low deviation of the reported EPS from the mean figure signifies that, if there are other factors like share price not considered in this study, the reported EPS of the commercial banks in Nigeria will either increase or decreases by 1.5191 units.
The result revealed the value of 5.7980 and 1.30916 as mean and standard deviation values for total revenue (TREV). It also revealed a minimum and maximum value of 4.10 and 8.08 respectively for TREV.

Finally, book value of shares (BVS) has the minimum value is 0.00 while the reported maximum value is 79.50. Again, the mean value recorded is 16.4597 with a standard deviation is 17.38024 which explains a variation in book value of shares among commercial banks in Nigeria.

Table 4.2 Descriptive statistics of Post IFRS implementation

	N	Minimum	Maximum	Mean	Std. Deviation
POST-EPS	70	.00	6.00	1.7714	1.78700
POST-BVS	70	.00	47.95	10.8809	12.20575
POST-TREV	70	1.15	8.73	5.7987	2.01137

Source: Extracted from appendix 2

Table 4.2 presents the descriptive statistics of all the variables after the implementation of IFRS. N represents the number of observations and therefore the number of observations for the study is 70.

The earnings per share (EPS) has a mean of 1.7714 with a deviation of 1.78700. The EPS also revealed a minimum and maximum value of 0.00 and 6.00 respectively. The low deviation of the reported EPS from the mean figure signifies that, if there are other factors like share price not considered in this study, the reported EPS of the commercial banks in Nigeria will either increase or decreases by 1.7714 units.

Book value of shares (BVS) has the minimum value is 0.00 while the reported maximum value is 47.95. Again, the mean value recorded is 10.8809 with a standard deviation is 12.20575 which explains a variation in book value of shares among commercial banks in Nigeria.

Finally, the result revealed the value of 5.7987 and 2.01137 as mean and standard deviation values for total revenue (TREV). It also revealed a minimum and maximum value of 1.15 and 8.73 respectively for TREV.

DATA ANALYSIS AND RESULTS

This section of the chapter presents and analyzed data collected from the annual accounts of sampled commercial banks in respect to the variables employed in the study from the period 2005 to 2011 and 2015 to 2021.

Table 4.3: Paired Samples Test for all Variables.

	Mean	Std deviation	Std error	lower	Upper	t-test	df	Sig, value
PREEPS-POSTEPS	-.25229	6.81397	.81443	-1.8770	1.37245	-.310	69	.758
PREBVS-POSTBVS	5.57886	20.0621	2.3979	0.7952	10.3625	2.327	69	.023
PRETREV-POSTTREV	-.00069	1.7612	.21050	-0.4206	.41925	-.003	69	.997

SOURCE: EXTRACTION FROM APPENDIX 4

The table 4.3 presented the result of the paired sample t-test in respect to the pre and post mandatory implementation of IFRS earnings per share (EPS), book value of shares (BVS), and total revenue (TREV) of Listed commercial banks in Nigeria.

The result revealed an overall mean and standard deviation in respect to EPS in the pre and post-IFRS implementation periods as -.25229 with a fluctuation of 6.81397. The calculated t-value is

at a degree of freedom of 69 stood at -0.310. The level of significant is estimated at 0.758 or 75.8% which is greater than 0.05 or 5% level of significant for a two tailed test. This thus indicates that the test for the effect of IFRS implementation on EPS is not statistically significant.
Table 4.5 also showed the overall mean in respect to BVS of the listed commercial banks in Nigeria in the pre and post-IFRS implementation periods to be 5.57886 with a fluctuation of 20.06207. The calculated t-value is at a degree of freedom of 69 stood at 2.327 at a level of significant of 0.023 which is less than 5% level of significant for a two tailed test; thus, indicating that the test for the effect of IFRS implementation on BVS is statistically significant.
Finally, the result of the paired sample t-test in respect to the pre and post IFRS implementation TREV of the listed commercial banks, the result revealed an overall mean of -0.00069 with a fluctuation in standard deviation of 1.76117. The calculated t-value is at a degree of freedom of 69 which stood at -0.003. The level of significant is estimated at 0.997 which is greater than 0.05 or 5% level of significant for a two tailed test. This thus indicated that the test for the effect of IFRS implementation on TREV is statistically insignificant.

TEST OF RESEARCH HYPOTHESES

This section of the chapter provides a test of the research hypotheses. Table 4.5 displays the calculated t-values and P-values for all variables paired. These calculated p-values shall be used to compare with the accepted criteria for p-value at a 5% level of significance for a two tailed test in line with the stated decision rule.
Ho_1: There is no significant difference between the earning management before and after implementation of IFRS.
Given that the calculated P-value as presented in Table 4.5 is 0.758 which is greater than the accepted significant level of 0.05, the null hypothesis is accepted and the alternative is rejected, thus concludes that there is no significant difference between the earning management before and after implementation of IFRS.
Ho_2: There is no significant difference between the value relevance before and after implementation of IFRS.
Given that the calculated P-value as presented in Table 4.5 is 0.023 which is less than the significant level of 0.05, the null hypothesis is rejected and the alternative is accepted, thus concludes that there is a significant difference between the value relevance before and after implementation of IFRS.
Ho_3: There is no significant difference between the timely loss recognition before and after implementation of IFRS.
Given that the calculated P-value as presented in Table 4.5 is 0.997 which is greater than the significant level of 0.05, the null hypothesis is accepted and the alternative is rejected, thus concludes that there is no significant difference between the timely loss recognition before and after implementation of IFRS.

DISCUSSION OF FINDINGS

The difference between the earning management of commercial banks before and after implementation of IFRS.

In relation to the first objective of the study which was set to ascertain the mean difference in earnings management of listed commercial banks in Nigeria before and after the implementation of IFRS, a null hypothesis was formulated and tested at significance level of 0.05 for a two tailed test using paired sample mean. The result revealed that there is no significant difference between the earning management before and after implementation of IFRS. The findings is contrary to the findings of Malofeeva (2018), who examined the effect of International Financial Reporting Standards (IFRS) adoption on earnings management in Russia. A sample consisting 361 firm-year observations of Russian public firms from various industries (including banks) for the period 2010 to 2015 was used. Results showed among others that IFRS adoption increases earnings management. Hassan (2015) examined the effect of IFRS adoption on earnings management of deposited money banks in Nigeria via selected firm attributes. Balanced panel data from a sample of 14 listed banks covering a period six years of 2008 to 2013 were used. The six years was categorized into pre and post adoption years. Multiple regression approach was adopted. The outcome showed that earnings quality of listed deposit money banks in Nigeria in the post IFRS adoption period recorded significant improvement when compared to pre adoption era.

The difference between the value relevance of commercial banks before and after implementation of IFRS.

Hypothesis two tested the mean difference in value relevance of listed commercial banks in Nigeria, the null hypothesis was formulated and tested at significance level of 0.05 for a two tailed test using paired sample mean. The null hypothesis was rejected, while the alternative hypothesis was accepted, this implies that there is a significant difference between the value relevance before and after implementation of IFRS. This is consistent to the findings of Nkechinyere et al. (2015), international financial reporting standards (IFRS) adoption and value relevance of financial information of listed deposit money banks in Nigeria using generalized least square. The study found out that: Pre- IFRS financial information is value relevant; post IFRS financial information has very weak value relevance and post IFRS financial information has no relative value relevance over pre- IFRS financial information. Also, Kaushalya and Kehelwalatenna (2020), investigated the impact of IFRS adoption on value relevance of accounting information in a developing country, Sri Lanka. The study uses publicly available data in annual financial statements and Colombo Stock Exchange (CSE) reports of all listed companies in the CSE during 2008 – 2018 to estimate panel data regression models. Findings of the study indicate that price value relevance of Sri Lankan firms has increased and return value relevance has decreased upon adopting IFRS in 2012. It also reveals that value relevance of book value of equity has increased, value relevance of operating cash flows has not changed, and value relevance of earnings has decreased after the IFRS adoption. The findings is also consistent to the findings of Adaramola and Oyerinde (2014) that examined the value relevance of accounting information in the Nigerian stock market. Findings show that there is a significant relationship between accounting information and share prices of companies listed on the Nigerian Stock Exchange.

The difference between the timely loss recognition of commercial banks before and after implementation of IFRS.

In relation to the third objective of the study which was set to examine the mean difference in timely loss recognition of listed commercial banks in Nigeria before and after the implementation of IFRS, a null hypothesis was formulated and tested at significance level of 0.05 for a two tailed test using paired sample mean. The result revealed that there is no significant difference between the timely loss recognition before and after implementation of IFRS. This finding contradicts that of Rabiu (2019) who empirically evaluated the impact of adoption of IFRS on accounting quality in Nigeria using the money deposit banks. The study utilized the annual reports and accounts of 15 banks listed in the Nigerian Stock Exchange for the period of 2011 to 2014 (that is two years before and two years after adoption); using liner regression analysis was employed in analyzing the data generated for the study. Based on the data analyses, the study found that large loss recognitions have increased in the post adoption period. Also Emmanuel (2020) examined the pre- and post-IFRS adoption effects on the financial reporting quality (FRQ) of manufacturing firms listed on the Ghana Stock Exchange (GSE) via means of correlation analysis, as well as regression analysis using a standard Fixed Effect (FE) model and the Ordinary Least Squares (OLS) technique. The findings of this study indicate that, IFRS adoption enhances the quality of firms' financial reports within the Ghanaian capital market, which is envisaged to boost investor confidence and attract more capital.

5.0 CONCLUSION AND RECOMMENDATIONS

CONCLUSION

The study which set out to examine the impact of International Financial Reporting Standards (IFRS) adoption on the quality of financial reporting of commercial banks quoted on the Nigerian Exchange Group (NGX) emerged with evidence that suggests that, earnings management practices have existed both in pre-IFRS and post-IFRS adoption periods. The implementation of International Financial Reporting Standard (IFRS) in many countries of the world is a subject of global significance due to pursuit for uniformity, reliability and comparability of financial statements of companies and expected improvement in the performance of corporate entity. Ten listed commercial banks were selected for the study. Data were collected for the period of 14 years (7 years pre IFRS implementation and 7 years post IFRS implementation). Data collected were analyzed using T-statistics. The findings revealed that there is a significant mean difference in value relevance (measured using book value of shares) of commercial banks in Nigeria before and after the implementation of IFRS, while there is an insignificant mean difference in earnings management and timely loss recognition of listed commercial banks in Nigeria before and after the implementation of IFRS.

RECOMMENDATIONS

The following recommendations were put forward:

Regulatory Bodies

There should be enlighten campaigns on the potential impacts of adopting IFRS by the regulatory authorities presently in Nigeria. A rigorous capacity building programs should be embarked upon

by all regulatory bodies and training institutions in order to provide the needed manpower for IFRS implementation.

The study recommends that more measures should be taken by regulatory authorities (Financial Reporting Council of Nigeria, Central Bank of Nigeria) to ensure that all public entities comply strictly with IFRS. This will enable relevant and reliable financial information to be passed to the capital market for investors to take an informed and relevant decision

To Banks

The study recommended that, banks should continue to comply with provisions of IFRS as it will improve their reporting quality which may also improve their performance as result of more investment flow, easy access to capital and comparability.

Banks should prepare adequately on all fronts for the implementation of IFRS.

Banks should endeavour to use the opportunity presented by the adoption of IFRS to improve their business process and procedures.

Banks should also be involved in capacity building by organizing conferences and seminars for members and staff of the company on IFRS.

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