

EFFECT OF FINANCIAL ACCOUNTING REPORT ON THE PERFORMANCE  
OF DEPOSIT MONEY BANKS IN NIGERIA

**(A CASE STUDY OF FIRS BANKS PLC)**

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## **CERTIFICATION**

This is to certify that this project has been completed, read through and approved as meeting part of the requirements of the Department of Banking and Finance, Institute of Finance and Management Studies, Kwara State Polytechnic for the Award of Higher National Diploma in Finance Management Studies.

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## **DEDICATION**

This work is dedicated to Almighty God for his abundant and lucrative projection over me and also to my parent Mr. and Mrs. Adebawale for their financial support and encouragement and my siblings I say a big thanks to you all, for your encouragement and support.

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## **CHAPTER ONE**

### **1.0 INTRODUCTION**

Financial accounting report provides a vital service to broad and diverse universe. Investor use financial accounting information for investment decisions, use financial accounting information for investment decision; government agencies need it particularly for tax purpose while regulatory agencies use it to determines whether exiting statutory pronouncement are comply with, among other (kajola and Adedeji, 1999). According to Meyer (2007) accounting information plays a significant role within the concept of generating and communication wealth of companies.

Financial accounting information is the product of corporate accounting and external reporting system that measure and routinely disclose addicted, quantitative data concerning the financial position sheet, income statements, and cases flow statement, along with supporting disclosure forms of foundation of the firm specified information set available to investor, regulators and for the management of business.

Studies on value relevance information are motivated by the fact that listed companies use financial statements as one of the major media of communication with their equity shareholder and public at large (Vishnani and shah 2008) for instance in Nigeria, companies and allied matter act (CAMA), (1990) and the subsequently amendment require the directors of all companies listed in Nigeria stock exchange to prepare and publish annually the financial statement, beyond this, the Nigeria stock exchange mandate all companies listed on first tier market to submit quarterly, semi-annually and annual statement of their account to the stock exchange ( Osaze, 2007). The premise behind governance research in accounting is

those significant portion of return on investment in accounting regime derives from enhance management of firm, which in turn facilitates the operation of securities market and the efficient flows of scale human and financial capital to promising investment opportunities. Designing a system that provide manager value involves difficult trade of between the reliability and relevance of report accounting information while the judgments and expectation of firm manger are on inextricable part of any serious financial reporting model the manager value of financial accounting information derive in large part from an emphasis on veritable outcome produces a rich of firms. Am emphasis on veritable outcome produce a rich set of variable that can support a wide range of enforceable contractual arrangement and that forms a basis for outsides. The study investigates the effect of financial accounting report on the performance of deposit money banks in Nigeria.

## **1.1 STATEMENT OF THE PROBLEM**

Accounting worldwide had turbulent in 2008 which brought accounting information under several criticism which in the wake of those accounting scandal and economic meltdown where billions of naira of investment and treatment wealth have disappeared, the very integrity and survivability of the banks has been called to question, which is due to the non compliance with the standard of accounting reporting.

It may not be an overstatement to say that deposit money banks will not function well without relevant and reliable financial accounting crunch facing the economy of most nation have result in increased attention to improve and enhance quality financial reporting practices worldwide in order to reform the global economy, which has made stock market regulatory body such as the Nigeria stock



exchange (NCE) to direct all companies that are quoted on the exchange to ensure they adopted the IFR'S (international financial report standard) by December 2011 while the central banks of Nigeria (CBN) has also directed Nigeria banks to adopt the IFR'S by December 2010 (Egbedegbe, 2009) but despite all this financial regulation most quoted organization still evade this regulation through fraudulent mechanism which involves them ensuring that the addicted financial records sent to the central banks of Nigeria (CBN) are usually profit oriented since it is the audited account that would be published and this often shows bogus profit in order to make them attractive to the capital market after a compromised approval have been obtained from the CBN. The problem of this study is to examined why quoted organization in Nigeria still involves in sharp practices dispute the sections and guidance put in place by various regulatory bodies in Nigeria. Existing studies on financial reporting (e.g. ferdy, geert, and Suzanne 2009; Mohammed 2014; Hassan 2013) only consider financial accounting reporting, investment and qualitative characteristics none of these studies have considered how financial performance and quality financial reporting can affect the lack of compliance of quoted companies with guidance and sanction put in place by financial regulatory bodies globally and locally.

## **1.2 RESEARCH QUESTION**

In the light of the above, the following specific research question are formulated.

- I. How well does financial accounting report affect the attitudes productivity and effectiveness of managers and worker in the banks.?
- II. Are there differences between the financial accounting reporting and the expansion and development of business in Nigeria.?

- III. To what extent does the quality financial reporting have effect on the return of asset of quoted companies in Nigeria.?
- IV. Are there significance differences in perception of institutional and individual investor and about the financial accounting statement on the performance of the company.?

### **1.3 OBJECTIVE OF THE STUDY**

In main objective of this study is to examined the effect of financial accounting report on the performance of deposit money banks in Nigeria, while the specific objective are to;

- I. Determine the relationship between the quality of financial reporting and profit after tax of the banks in Nigeria.
- II. Ascertain the effect of financial accounting report on return as asset of the banks in Nigeria.
- III. Evaluate the fundamental principle of accounting reporting and the ways in which it is regulated to protect owners of businesses.

### **1.4 RESEARCH HYPOTHESIS**

In order to validate data analysis, the following null hypothesis was tested.

Ho: financial accounting report does not affect the effectiveness of manager and worker in a company in Nigeria

H1: financial accounting report affect the effectiveness of manger and worker in a company in Nigeria.

Ho: there is not differences between financial accounting of manger and worker in a company in Nigeria.

Hi: there are difference between financial accounting of manager and workers in a company in Nigeria.

Ho: there is no relationship between accounting report and the expansion and development of business.

Hi: there is relationship between financial accounting report and the expansion and development of business.

## **1.5 SIGNIFICANCE OF THE STUDY**

Nigeria is the most populous country in Africa within a population of 167 million (NPC2012). According to July 2009 estimate it was also the worlds 8<sup>th</sup> largest nation with land area roughly twice the size of California Nigeria was rich in national resources; especially oil (Bruce Mckean and Philip Meza, 2010) its stock exchange (NSE) is the second largest in the continent with market capitalization of ₦1 trillion currently (Oscar 2013). Thus far, there is little known about the role of accounting information in term of this stability to explain changes to the attitude of management of companies in Nigeria the study will make them in making an appropriate decision. It is also important that because it will sense as a resources material and an additional to existing literature of knowledge. This study is also important because it will provide management with information that will help them to reduce poor financial reporting.

## **1.6 SCOPE AND LIMITATION OF THE STUDY**

This study provides insight into the effect of financial accounting reporting performance and it cover a period of 5 years, which is 2012-2016 this period was chosen because it is the period Nigeria stated adopting the international financial reporting standard (IFRS). Though the research is intended to be a completed and

comprehensive one, there are however some numbers of delimitation that may constituted constraint in reaching the ideal goals in term of data availability time constraint, financial constraint, disqualifiable factor and methodology limitation.

This study cover measurement perspective by focusing on long term association between accounting information and management of companies in Nigeria while the information perspective is investigated using primary data.

## **1.7 DEFINITION OF TERMS**

- I. Financial performance: this refers to process of carrying out an assignment in an organization in an efficient and effective manner.
- II. Organization: this refer to top official in the organization they are often responsible for ensuring quality financial statement in the organization
- III. Management: this refer to top official in the organization they are often responsible for ensuring quality financial statement in the organization.
- IV. Financial statement; there is a formal record of all relevant financial information for business, person or other entity presented in a structure and standardized manner to allowed easy understanding.
- V. Return on Asset: this is the ration of profit after tax to the asset of the selected quoted companies considered in this research work.
- VI. Return on equity: this is the ratio of profit after tax to the equity of the selected companies.

## **1.8 PLAN OF THE STUDY.**

Chapter one introduced the study with the background statement of the problems, objective, significance of the study and definition of the term. The chapter two reviewed the literature of the terms. The chapter two reviewed the literature on the conceptual framework, theoretical framework and empirical

framework. The chapter three deals with the methodology used I the study with the fourth chapter analysis and presented of data. The financial chapter five contain the summary of findings, conclusion, and the recommendation.

## **CHAPTER TWO**

### **2.1 LITERATURE REVIEW**

This chapter contains the framework of other researchers relating to financial reporting. It comprises of the conceptual review, theoretical review and empirical review. The conceptual review defines concepts like financial reporting and financial performance. It emphasizes that financial information is to the different stakeholders. The conceptual review also shows that financial performance can be measured using return on assets and return on equity. While the theoretical review section mentions theories like stakeholders' theory, voluntary disclosure theory and asymmetric theory to mention a few. Finally, the empirical review section is to the financial reporting and financial performance.

### **2.2 CONCEPTUAL FRAMEWORK**

Financial reporting involves financial information according to relevant accounting standards. According to Variya (2015), financial reporting includes the exposure of related financial information to the different stakeholders about an organization over a predefined time frame. These stakeholders include – investor, lender, suppliers, and government organization. Financial report is considered as the final result of accounting. It comprises of various important statements which include- financial related explanations from statement of comprehensive income, statement of cash flow, statement of changes in equity, notes to financial related explanations, quarterly and annual report (if there should be an occurrence of organization).

### **CONCEPT OF RELIABILITY OF FINANCIAL REPORTING**

The expression “reliability quality” in connection to financial communication is a vital subjective property of accounting information is helpful to the individual who reads financial related explanation or something else. The reliable quality of inspected corporate yearly financial report is thought to be vital and a fundamental element influencing the convenience of information made accessible to different users, the accounting researchers have perceived the dependability of report is a critical normal financial accounting information and for administrative and report offices. In consequence, the IASB framework expresses

that information has the nature of depend when ability when it is free from material blunder and inclination and can be relieved on by customers to speak reliable which it either indicates to speak to or could sensibly required to speak to. In the IASB framework the five qualities are included under the idea of dependability; loyal portrayal, substance over frame, non-partnership. The attributes of reliable quality are.

- i. TRUE REASONABLE: Reliable information implies that the financial proclamations are an impressive of the organizations financial reality.
- ii. FREE OF MATERIAL BLUNDER: All together for information to be solid, it must be free of material mistake. Material things are those that possibly change the feeling of the user of financial proclamation.
- iii. NEUTRAL: Reliable information should likewise be imperial. It must be free from inclination. In spite of the fact that it is unimaginable in view of human instinct of totally out every single inclination, bookkeeper should consistently attempt to be autonomous.
- iv. COMPLETENESS: Reliable information should be finished of the objectives of (IFRS) is to rouse certainly that all correlated information is included.
- v. PRUDENCE: International financial reporting standard (IFRS) requires that a bookkeeper who plans financial related articulations must exercise judgement in managing the in escapable instabilities of valuation and materiality.

## FINANCIAL PERFORMANCE

Bank performance is the term in relation to its capacity to generate sustainable profitability. For a bank to be successful in its operations, manager must weight complex tradeoffs between growths returns a risk, favoring the adoption of risk and adjusted metrics (Bassey, Tobi, and Ekwere 2016). Banks performance measure can be classified into traditional, economic and market based. For example, stern and Stewart developed a model called economic values added (EVA) which takes into account the opportunity cost for stakeholders to be hold equity in a bank, measuring whether a company generates and economics rate of return higher that the cost of invested capital in order to increase the market value of the company (Raza, Farhan and Akrah

2011). There have been a large number of empirical studies bank performance around the world especially deposit money banks but very little on b and performance has been done in Nigeria.

From the review literature, researchers have applied several surrogates as metric measure of financial performance of bank. Metric according to Buba (2010) include a combination of financial bench making and measurement framework should encompass more aspects of the performance than just profitability embedded on pure market-oriented indicators and should be less prone to the manipulation from the markets. Studying determination of profitability of deposit money banks in quarter, Elsayed (2013) employed ROA as a proxy measure bank financial performance the same manner Miko (2010) did in his study of the impact of consolidation on the profitability of banks in Nigeria. But studies measure ROA as profit before tax over the total assets, Pandey (2009) explain that the appropriate measure of profit is profit before tax because it shows earning arising directly from the commercial operations of the business without the effect of financing.

#### RETURN ON ASSETS.

Net income gives an idea of how well a bank is doing, but it suffers from one major drawback. It does not adjust for the banks size, thereby making it difficult to compare how one bank is from relative to another. A basic measure of bank performance (profitability) that correct for the size of the bank in the return of assets (ROA), it is calculated by dividing net income of the bank by the value of its assets. That is,  $\text{profit before tax} / \text{total asset}$ , ROA is a useful measure it indicates how well a bank asset are being used to generate profit.

### **2.3 THEORETICAL FRAMEWORK**

#### Stakeholders Theory

According to Fredman (2004), stakeholder theory emphasizes that some individuals or groups are very important for the survival of the oriented explanation but in an earlier research freeman reported that stakeholders theory refers to any group or individual who can affect or who is likely to be affected by the achievement of the organization objectives, Fredman and Miles (2009)



supported that explanation of Freeman (1984) because according to him/his definition of the stakeholders theory has more balance and covers a wider area than those of standard research institute (SRI) (1963) who defines the theory as simple as those people who without their support and idea the organization would not exist. The further stated that Freeman definition was under because it include individual outside the organization and other groups that may consider they to be stakeholders of the organization without the firm acknowledging them to be so. The stakeholder in most organization usually includes: employers, customers, lenders, local charities, various interest group and government.

(Ralg, 2010) reported that stakeholders theory emphasize that all stakeholders have right to be provided with relevant information about how the organization and this information about influence of pollution from the organization to the environment, information about community sponsorship, information on provision on employment, information on safety initiative provided by the organization e.tc. He also emphasized that this information should be provided to the stakeholders even though they do not affect the survival of the organization.

## RESOURCES DEPENDENCE THEORY

Asset reliance theory created by Pfeffer and Salancik in 1978 emphasized that the board and specifically the constitution of the non-official component of the board can furnish the firm with a key arrangement. This epitomize are board as a wellspring of assets for an organization to open up on altogether different path and to consider the board contribution in bringing expertise to the organization. Assets can take on assortment of structure of each of which can be contended to add capital of the organization. Non-official executives can be a wellspring of mastery which managers can draws upon both particular abilities and also exhortation and advice in connection with techniques and its performance. They can likewise full in a vital wellspring of contract information and connections, that enable official to better deal with a portion of the instabilities in nature. Asset reliance theory enables us to things about the altogether different requirement that organization have at various phases of their life circle. This theory is associated with this reviewed in pulling assets

together to furnish great corporate management with sound Moral values in an unhistorical working condition like Nigeria keeping financial industry. The significant review holes are that a large portion of the reviews just thought to be one of the instruments of either moral qualities or corporate management, while this review sees more of the two in giving quality and dependable financial report likewise the review proceeds to interface the effect of international financial reporting standard and notwithstanding associating with two imperative investments that offer reality to the usage of the suggestions.

## ETHICAL RELATIVISM THEORY

This theory was developed by Velasquez, Andre, Shanks and Meyer (2004) at the standard of one way of life. That is whether an activity is correct or wrong relies upon the ethical standard of the general public in which it is practiced. A similar activity might be ethically appropriate in one society yet to be ethically wrong in another for the moral realist, there are no general good norms that can be all around connected to all people groups under all circumstance. The main good gauges against which a general practice can be judged are its own. In the event that moral relativism is right, there can be no regular structure for setting moral question or for achieving concession to moral matter among individuals from various social order. Moral relativism advises us that diverse social order is profoundly affected by culture. It additionally urges us to investigate the reasons hidden convictions that constraint from our own, while testing us to look at our purposes behind the conviction and qualities we hold. This consequently holds the way that Nigeria's financial industry has a culture that necessitates assimilating moral that with respect to the Nigerians managing an accounting culture which will deliver feasible performance that will guarantee financial strength and resolve financial misery.

## 2.4. EMPIRICAL REVIEW

Over two decades ago, accounting report become the focus of accounting research. On the basis of their studies, Filter Hanousek and Campos (1999), declare that business growth is measured by the variable business capitalization, turnover velocity – ratio of turnover to business capitalization and the change in the price of product of service as an indication of financial depending they claim that counties with well developed business environment have a tendence to have well developed banking sector. The study finds that microeconomics facto such as income level, gross domestic investment banking sector development, private capital flow and stock marketing liquidity are important determinants of financial accounting in emergency market counties. The result also shows that important determinant of financial accounting information because they enhance the validity of external finance. The use of accenting information has been one of the moist explored areasw of effect accounting reporting on the management of ubisness research in accounting especially in the developed world during the last decades. This is caused by the necessity to provide empirical evidence of the effect of financial accounting report on the performance of deposit money banks in Nigeria.

Klimczak (2009) adopted methodology to test for the association between accounting earning reported by companies. The researcher claimed that a positive result of the test serves as proof of the quality of accounting standards accounting practices and the performance.

Atje and Jovanovich (1993) as cited in babatunde and mokuolu (2005) found significant correlation between econimcs growth and the financial performance of 40 countries over the period 1999-2000 levine and zervos (1999) as cited in babatunde and Mokuoly (2005) also found the business development is positively correlated with long run economics growth by using simple of 41 countries over a

period 1993-2001 the business environment is the most credit due to the financial information available and a base of sustainable development.

Abdullahi (2005) used multifaceted measure of overall financial performance to determine association between Nigeria stock performance and economic growth (Real GDP growth Rate). The result indicate that there is a significant correlation between the Nigeria business and management decision.

Glover, Levine and Liang (2004) over the many of the financial accounting standard boards (FASBs') recent standards and ongoing project emphasized measurement in an attempt on to increase the usefulness of financial statement. This appears as part of the GASB'S boarder emphasized on decision usefulness. They argue that these same standard and project have reduces or have the potential to reduce the reliability of accounting, as is to be expected in the familiar track off between relevance and reliability. Furthermore, lots of hard work is done by business regulators and account standards and settler in improving the quality of financial reporting and increasing the transparency level of financial reporting (Vishanu and Shah, 2008).

## **2.5 RESEARCH GAP**

Prior empirical studies by scholar such as Karigha (2022), Ahmed and Schleich (2022), Somathilake and Ranathuga (2021). Submitted that quality accounting information improves financial performance.

Some empirical studies conducted in Nigeria on accounting information quality and financial performance by Okpale (2019). Maxwell and Wilson (2019), Burhan & Fahmanti (2018) Abubakar, Adamu and Sitraselvei (2017) Abubakar Abdu, Abdulmorooph (2014) with mixed and conflicting result.

Empirical studies on accounting information quality and finance performance reviewed across Nigeria, other Africa countries and the rest countries of the world above pin point out various research gaps which the current study seeks to full. From the foregoing extract empirical review, the following gaps were clearly identified.

RG1 some of the previous studies were internationally based whose business and environmental peculiarities are quite different from Nigeria and as such, the research finding from these countries would be foolhardy to be applied in Nigeria.

RG2 many of the previous studies finding were mixed conflicting and contradictory. A critical look at the foregoing inconsistency is a worrisome phenomenon; hence promoting on empirical investigation to examined the relationship between accounting information quality and financial performance of quoted deposit money banks in Nigeria.

## **CHAPTER THREE**

### **3.1 RESEARCH METHODOLOGY**

This chapter describe the statistical method used in analyzing data obtained during the course of the study and the relevant interpretations were used to determine the nature of relationship that exist between the dependent and independent variable. The variable considered by this study is financial reporting and financial performance which were presented with profit after tax, return on equity and return on asset this chapter comprises of the area of the study, research design, population for the study source of data, sample size method of data collection, mode of data analysis and research methodology

### **3.2 SOURCE OF DATA.**

In this study, both primary and secondary data were employed. The primary data were collected through survey questionnaire administered on the respondents.

The secondary data such as dividends and book value were obtained from annual financial report of companies quoted on Nigeria stock exchange (first banks) and the Nigeria stock market annual.

### **3.3 POPULATION OF THE STUDY.**

In the course of the study, the population for the research is about 5000 people out which about 20 staffs and 4,980 customers of first banks were chosen based on the availability of details data as at the time of conducting this research work

### **3.4 SAMPLE SIZE**

Sample size on simply be describe as a given percentage of the population, but element of which have common characteristics with the population and has been population for closer study in order to make a generalization of the entire group a total of twenty (20) respondent were sample from the population frame. The stratified random sampling techniques was used because the researcher intended to allowed for a considerate fair chance of illusion of the different categories of the management reaction of accounting numbers, the study employed (Philip and fattler 1999).

### **3.5 METHOD OF DATA COLLECTION**

According to Ogunboye (2012) there are two different method of data collection which is the primary and secondary method, the primary method of data collection includes the use of questionnaire and personal interviews while secondary method of data collection emphasized the use of data collection by other for the records or precious work. This involves obtaining of data from journal, bulletins, newspapers and other publication like annual reports, Nigeria stock exchanges official report set for the purpose of this research work, the primary and secondary method of collection were adopted. The primary method of data collection was adopted using a structural questionnaire. The questionnaire was designed using 5 litter scale, it was divided into five session the secondary data was adopted because the study made use of online annual report data related to the companies selected in this study and for the period for the adoption of the IFRS in Nigeria.

Validity test was carried out to continue to examine the ability of the research instrument to measure the variables that are relevant to its objective. Therefore both face and content validity were employed in this study. The face validity require an analysis of the validity of the scale (i.e. liker scale strongly agreed, agreed disagreed undecided, strongly disagreed,) used for the research instrument and ensuring that the questions used contain the important items that are relevant to the study while the content validity ensure that research instrument (i.e. the questionnaire an adequate coverage of scope and objective of the study, which was achieved by giving the questionnaire to an experts (i.e the supervisor and other lecturers) for reviews.

### **3.6 METHODS DATA ANALYSIS**



The method of data analysis involves the use of descriptive statistics and inferential statistics. The descriptive statistics involves the use of frequency table and percentages while the inferential statistics involves the use of ordinary least square regression (panel data analysis). These statistics tool were adopted because it has been used by other financial reporting researcher such as (Adekunle, 2013) the analysis was done using SPSS software package version 17.0.

## CHAPTER FOUR

### PRESENTATION AND ANALYSIS OF DATA

#### 4.1 INTRODUCTION

This chapter deals with the presentation, analysis and discussion of data collected from the questionnaire administered. The purpose is to know the response of the respondent towards the question in the questionnaire. Simple percentages method and tables use to do the analysis of the data collected. The number of people that constituted stud sample is draw from staff of the first banks

#### 4.2 PRESENTATION OF DATA

Table 4.2.1 demographical analysis of respondents

S/N	Sex	No of respondents	Percentage
1	Male	12	60
2	Female	08	40
	Total	20	100%
S/N	Marital status	No of respondents	Percentage
1	Single	09	45
2	Married	11	55
	Total	20	100%
S/N	Academic qualification	No of respondents	Percentage
1	Waec	-	-
2	NCE/OND	12	60
3	HND/BSC	6	30
4	OTHERS	02	10
	Total	20	100%
S/N	Working experience	No of respondents	Percentage

1	5 years and below	11	55
2	6 -10 years	4	20
3	11-15 years	3	15
4	16-20 years	2	10
5	Above 20 years	-	-
	Total	20	100%
S/N	Sections	No of respondents	Percentage
1	Accounting/audit/ logistics	4	20
2	Marketing	4	20
3	General Admin	3	15
4	Operations	9	45
	Total	20	100%

***Source: Research Survey. 2025***

The table above shows that demographic analysis of the respondent there were 12 male respondent which represent 60% of the total population while 8 respondent 40% were female 9 respondents which represent 45% were single while 11 represent which represent 55% were married academic qualification of the respondent shows that NCE/ND holders has the dominated the total population of the respondent with 12 representing 60%, this is followed by 6 respondent holding B.sc/ HND, 2 respondents were either holder of master or professional qualification. This shows that the total population were well learned, so their opinion on the subject matter could be held with level of acceptability work experience dominated as 11 respondents had between below 5 years of working experience, 4 respondent represent 20% had between 6-10 years working experience. This shows that your respondent had enough experience to give needed answer to our respective question

Table 4.2.2

Question 1 does the nature of financial reporting can influence the profitability of the banks?

S/N	Options	No of respondents	Percentage
1	Strongly agreed	6	30
2	Agreed	8	40
3	Undecided	4	20
4	Disagreed	2	10
	Total	20	100%

***Source: Research Survey. 2025***

Table 4.2.3

Question 2 most financial scandals in Nigeria are cause by the inadequate reporting

S/N	Options	No of respondents	Percentage
1	Strongly agreed	16	75
2	Agreed	3	15
3	Undecided	1	5
	Total	20	100%

***Source: Research Survey. 2025***

The table above shows that, 16 respondent representing 80% strongly agreed that indeed most financial scandals are cause by inadequate reporting, 3 respondents agreed, 1 respondents which represent just 5% were undecided. None of the respondent were neither nor strongly disagreed

Table 4.2.4

Question 3 falsification of financial reporting amount to lack of value relevance of back securities

S/N	Options	No of respondents	Percentage
1	Strongly agreed	15	75
2	Agreed	5	25
3	Undecided	-	-
4	Disagreed	-	-
	Total	20	100%

***Source: Research Survey. 2025***

The analysis of the table above shows that all the respondent agreed that falsification of financial reporting lead to lack of value relevance of banks securities and other portfolios

Table 4.2.5

Question 4 if financial reporting is of high quality it will enhance return on assets appropriate

S/N	Options	No of respondents	Percentage
1	Strongly agreed	16	80
2	Agreed	4	20
3	Undecided	-	-
4	Disagreed	-	-
	Total	20	100%

***Source: Research Survey. 2025***

The table above shows that 16 respondent represent 80% strongly agreed that there is relation between financial reporting quality and return on asset while 4 (20%) agree no respondent were either disagree or strongly disagreed

Table 4.2.6

Question 5 liquidity ratio and acid test are good elements of measuring the financial strength of financial performance in the banks

S/N	Options	No of respondents	Percentage
1	Strongly agreed	15	75
2	Agreed	5	25
3	Undecided	-	-
4	Disagreed	-	-
	Total	20	100%

***Source: Research Survey. 2025***

The table above shows that 15 (75%) respondents strongly agreed that liquidity ratios and acid test are important element of measuring the health of organization performance while (25%)5 respondent agree. No respondent were either disagree or disagreed

Table 4.2.7

Question 6 bank has been measured in term of return on assets (ROA)

S/N	Options	No of respondents	Percentage
1	Strongly agreed	18	80
2	Agreed	2	10
3	Undecided	-	-
4	Disagreed	-	-
	Total	20	100%

***Source: Research Survey. 2025***

All the respondent agree that profitability can be measured in terms on asset

Table 4.2.8

Question 7 financial regulatory council of Nigeria has crucial role in discharging its duty toward ensuring quality financial reporting exercise

S/N	Options	No of respondents	Percentage
1	Strongly agreed	10	50
2	Agreed	10	50
3	Undecided	-	-
4	Disagreed	-	-
	Total	20	100%

***Source: Research Survey. 2025***

The table above shows that 10 (50%) respondents strongly agreed appease by can be accepted that FRCN has crucial role in discharging its judicial role in ensuring quality financial reporting exercise.

### 4.3 TEST OF HYPOTHESIS

#### Descriptive Statistics

Table 4.3.1

Statistics	ROA	LIQ	FRQ	N
Minimum	1	1.00	190	20

Maximum	1	160	22,190	20
Range	0	159	2,220,000	20
Sum	40	1,462	9,230,000	20
Mean	1	36,549	230,830	20
Standard deviation	0	1,444	4.4469	20
Variance	0	2.085	24.4718	20

The above table give the descriptive statistics summary of financial reporting quality with their corresponding observation

From the above table, financial reporting quality has the highest value with a means of 36549 standard deviation value of 4.9469 approximately 5, i.e. this is the value of the speed around the means, variance value of 24,4718. A maximum value of 190, i.e the degree of change between the variable maximum value of 22190 and a range of value put at 2,220,000. The liquidity has lower value compared to the financial reporting quality with a means value of 36, 549, standard deviation value at 1.444 and a variance value put at 2.085 a minimum value of 1, maximum value of 160, range value of 159 and sum of 1464. The return on assess mean, minimum and maximum value is 1, having the lowest value compared to the financial reporting quality and remuneration with a sum value of 20 and standard deviation and variance value put at o.

## Correlation Matrix

Table 4.3.2

		Frequency	ROA	LIQ
Person's	Frequency	1.000	-0298	100



correlation	ROA	-0298	1000	
	LIQ	-	-	-
Sig (Itailed )	FREQUENCY	-	-	-
	ROA	-	-	-
	LIQ	-	-	-
	FREQUENCY	-	-	-
	ROA	-	-	-
	LIQ	-	-	-

***Source: Research Survey. 2025***

From the correlation matrix above, we have observed That there is a slightly negative relation between the independent variable (ROA) and the dependent variable financial report quality (FRQ) and this implied that for every ₦1 increase in the return on assets financial reporting quality would decrease by 0.289 from the result above liquidity has no relationship with the financial reporting quality this is because liquidity is constant at 1 (one year) throughout the period observed therefore is eliminates from the correlation model ROA is significant in relation to FRQ at 0.031 level of significant. However the result should be taken with caution owing to the weakness associated with using correlation as a tool for analysis rather, it is only a tool for measuring association.

Regression output

Table 4.3.3

Models	Constant	ROA
T-Value	3.583	-1.925
p- value	0.001	0.062
R2	-	0.89
Adjusted R2	-	0.85
f-statistics	-	3.706

Durbin Watson	-	1.285

***Source: Research Survey. 2025***

The regression analysis showed the R<sup>2</sup> at 0.89 this means that the extent to which Roa explain financial reporting quality is at 89% the addicted R<sup>2</sup> at 0.85 explain the adjustment of the R<sup>2</sup> putting into consideration the entire population. The F statistics measure the relevance of the variable to the model at 3.585 and - 1.925 for FRQ and remuneration respectively. The P –value also stood at of the model stood at 0.062 and for the constant at 0.001. Durbin Watson which measure the degree of positive autocorrelation between the predictor (i.e. the independent variable) and the dependent variable stood at 1.285

#### **4.4 DISCUSSION OF FINDINGS**

Practically the overall result of the hypothesis test shows at significant t-cal 0.034 <5% which indicated that indeed the application of digital banking has significant impact on services delivery in the banking industry toward enhancing efficiency and higher turnover in banking industry. This is in accordance with innovation technology model previous adopted. According to (IDT) theory, technological communicated through particular channel over time among the member of social system consequently in the work of Otieno (2013) we opined that as computer become smaller, factor easier to use and less expensive, the computerization of accounting functions grow across the entire financial industry. The effect is significant, as indicated by the efficient of audit risk management is significant linked to assessment and determination of risk monitoring and evaluation control awareness, technology, and attitude and perception. The examined system risk factors identified important area of information system risk to be risk factor in system security and the risk information provide by the system

is inadequate and the nature of system risk factor identified related to those risk. Also, Novan (2014), carried out reach on impact of computerized accounting information system effectiveness in increasing the efficiency of human capital. Field study in the financial department in the public Jordanian universities, the result showed positive impact of computerized accounting information system regarding of human capital (knowledge, creativity, skills) in the Jordanian public universities as the management of the Jordanian public universities provide the most necessary requirements to increase the efficiency of the computerized accounting system to ensure the good quality of the outcomes. This is also supported by Yaser (2013) in his study on the impact of accounting information system uses in the income tax department on the effectiveness of tax audit and collection in Jordan where speed, accuracy and efficiency are articulated.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

## **5.1 SUMMARY**

The research was carried out to assess the impact of financial reporting quality on deposit money bank in Nigeria in the attempt to carry out this study, the objective was to examine the influence of financial quality on the return of investment of the banks and determine the relationship between liquidity management and financial reporting quality. To that effect a null hypothesis was formulated and tested the correlation research design was used to ascertain the relationship between the variable. The sample of the study was selected from the deposit money banks quoted in the Nigerian stock exchange; the data used for analysis were both primary and secondary data source from the financial statement of these sample companies. SPSS data analysis was used to run the data and the correlation depicts negative relationship; the regression analysis as well depicts an insignificant relationship between the variables.

## **5.2 CONCLUSION**

The study shows that financial information disclosure is an important indicator of the corporate performance and stability of banks of Nigeria, while it was found out that compliance with the existing regulatory requirement was high, a critical issue remains the disclosure of information by the banks on the quality of their asset as well as the credit and market risk to which they are exposed. Banks are seldom willing to make all necessary disclosure regarding the true nature of the banks to be cautious not to be tempted in the deployment of capital on risky ventures for short term return; this was evident in the substantial loss of shareholder funds as a result of the discovery of toxic assets in the loan portfolio of many of the banks during 2009 exercise by CBN.

## **5.3 RECOMMENDATION**

Based on the finding highlighted above the following recommendation were made.

- I. Banks in Nigeria should be made to provide a certain minimum amount of information on all loan asset above a minimum amount. Existing regulatory disclosure requirement on credit and risk exposure by banks should be enhanced and strengthened to elicit sufficient information for the use of investor
- II. Regulatory authority should fashion out adequate sanction for non compliance with disclosure requirement such sanction should be strong to act as deterrent for concealment of and/or fraudulent information. Similarly regulatory authorities are advised to strengthen the monitoring process by identifying non compliance banks promptly and imposing sanction equally promptly. This will give better meaning to the disclosure prescription and the tendency of CBN coming up too late only to declare banks as troubled when it would be rather late to rescue such banks.
- III. The central banks of Nigeria (CBN) and/or other regulators should be the employee and payer of banks external auditors in order to insulate these auditors from rent seeking appeasement of banks directors the current provision of the law vesting the responsibility on the shareholder is being used by the directors and management for self serving purposes.
- IV. External auditors responsibility on the survival of banks should extend beyond the present level. The expectation of the involved the more caution would be developed to the work involved.
- V. There should higher level of communicate to the need to provide truly faire disclosure by the directors and management of banks in Nigeria.

More severe punishment would serve as deterrent for any violation.

## **5.5 SUGGESTION FOR FURTHER STUDY.**

In view of the inherent of the banks industry the result of the analysis is by no means conclusive for a couple of reasons. The convergence of the accounting financial year of banks to December 31 from 2009 has made further study in this area imperative in order to provide a level platform for all the banks though this study terminate in 2009 which is the first year of the coverage other periods financial report were prepared to different accounting dates. Further study would be able to take accounting of this convergence. Similarly, the mandatory adoption of IFRS in the country has made it necessary that this study done under this new framework. Though SAS are simulate a replication of IAS, in issue, and IFRS wholly adopted the IAS, in issue as at the point of commencement, the mandatory convergence of the local with the international standards has provision that were not hitherto in existence. A test of these new imperative to the local environment would be desirable.

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