International Journal of Innovative Research in Accounting and Sustainability
ISSN: 2736-1381 (Print), ISSN 2736-1500 (Online)
Vol. 6, No. 3, 2021

IJIRAS/AAUA
https://ijiras.org

International Financial Reporting Standards Adoption and Financial Reporting Quality

[1]Samuel Ejiro UWHEJEVWE-TOGBOLO & [2]Mary Uzezi OKEKE

[1]Department of Accounting, Delta State School of Marine Technology, Burutu

[2] Department of Accounting, Delta State Polytechnic, Otefe -Oghara

Corresponding Author: uwhejevwe@gmail.com

Abstract

The study is focussed on International Financial Reporting Standards (IFRS) Adoption and financial reporting quality. The study adopted the longitudinal research design approach. This is due to the nature of the study which involves repeated observations of the same variables over long periods of time. The population consists of 14 banks quoted on the floor of Nigeria Stock Exchange (NSE). The entire 14 banks formed the sample size of the study using the census sampling technique. Data were collected from secondary sources through the annual reports and accounts of selected banks. The descriptive and inferential statistics were to analyse the data collected; the descriptive statistics was used to analyse the measures of central tendency, measures of dispersion and measures of normality. The inferential statistics was done using the Multivariate analysis (MANOVA). Based on the analysis, it was revealed that financial reporting quality after IFRS adoption increased compared to the overall financial reporting q uality prior to IFRS adoption. The study recommended that the adoption and implementation of IFRS has impact on the reporting quality of banks and it will enhance best practices of the banking industry.

Keywords: IFRS, Financial Reporting Quality, Banks, Nigeria

1. Introduction

The quality of the financial report is measured by its understandability, reliability, relevance, faithfulness, comparability and timeliness. These quality indicators measure the meaningfulness and usefulness of financial reports to users. Understandability is how effectively the information contained in the financial reports communicates to the users for decision taking purposes (Greuning, Scott, & Terblanche, 2019; Ogbenjuwa, 2020). The relevant financial information helps users to evaluate events and influences economic decisions. When information is presented in a consistent manner over time and between users, it is said to be comparable. Reliability of a financial report is when the information is free from material error and bias, and users find it to be dependable (Ogbenjuwa, 2020). They also opined that faithful representation, neutrality, prudence, completeness, timeliness and substance over-form are factors that contribute to reliability of the financial report (Greuning, Scott, & Terblanche, 2019).

To meet the objective of fair presentation, faithfulness, understandability and comparability of financial information should be communicated in a timely manner, as delay could result in loss of relevance. Thus, the benefits derived from financial reporting should be greater than the cost of providing it (Greuning, Scott, & Terblanche, 2019). According to Bhargava and Shikha (2019) cited in Ogbenjuwa (2020) the adoption of IFRS would significantly improve the qualities of financial reports. The adoption of IFRS has provided a common platform for financial reporting by different countries and allowing management assessing and managing the cost and benefits of adopting IFRS as task before managers of reporting entities in Nigeria (Bhargava & Shikha, 2019). Quality financial report leads to better informed valuation in equity markets and lowers investors' risk (Edogbanya & Kamardin, 2019). Adopting IFRS allows for comparability of, and creates uniformity in financial and audit reports (Herbert, Tsegba, Ohanele & Anyahara, 2018). It is important to state that high quality of financial information increases investors' confidence and leads to economic growth. Management and investors are interested in the usefulness of financial information to aid them in taking decisions.

Adopting IFRS affects investors' decisions because financial reports under IFRS contain more information disclosure for investment decisions. IFRS does not require strict reporting rules; hence, it is a principle-based standard. IFRS however, is a fair-value, principle-based standard with the potential to improve reporting qualities, enhance international comparability, exhibit more information disclosure, and increase transparency of accounting information (Bhargava & Shikha, 2019).

To measure the comparability of financial reports, the post-IFRS statements should exhibit higher disclosures than the pre-IFRS statements and be acceptable across countries. Financial ratios and some key economic variables under IFRS are significantly different from those under local generally accepted accounting principles (GAAP). Thus, the sector-by sector analysis does not reveal any significant difference between pre and post IFRS statements (Terzi, Oktem, & Sen, 2020; Ogbenjuwa, 2020). These researchers stated that financial reporting quality remains the same after IFRS adoption (Bhargava and Shikha, 2019; Garcia, 2015; Ogbenjuwa, 2020). The mandatory adoption of IFRS does not lead to higher comparability; rather it is compliance incentives that produce greater comparability of financial reports. Comparability is the difference between the firm's choice of accounting method and the industrial methods; comparability does not have established proxies (Outa, 2018). This leaves room for scholars to subjectively describe comparability using rules of thumb (Cascino & Gassen, 2012; Outa, 2018).

The directive for banks to adopt International Financial Reporting Standards (IFRS) in their financial reporting has been of interest to various local and international stakeholders. The primary objective of accounting is to provide useful financial information to stakeholders such as current investors, potential investors and lenders/creditors (Garcia, 2015). The banking sector plays an important role in the growth and development of the economy of any nation. It also signifies the driving force of any economy; thus, it is responsible for the provision of funds to other productive sectors of the Nigerian economy, and therefore it is significant to the development and growth of other Nigerian economic sectors. Hence, it is important for manager and other decision makers to maintain confidence in the banking sector. However, given the role the banking sector plays in the growth and development of every country, there is an enhanced demand for high quality accounting standards to provide managers and business owners with the necessary resources in making vital decisions such that the subject matter of IFRS cannot be overstretched (Ekwe, Abaa & Okrolor, 2020).

The Nigerian banking industry is the most regulated sector in Nigeria. It is highly organized as corporate governance is seriously taken into consideration. Also, most researchers carried out research on manufacturing and non-manufacturing firms hence the study seeks to examine the banking industry as they were among the first institutions to adopt and implement IFRS in Nigeria. The motivation for carrying out this research in the banking industry is that the banking industry where amongst the first sector to adopt IFRS. This is examined financial reporting quality using understandability, faithful representation, comparability and timeliness as it effects the change for banks and if they all give a signal of change in the degree of financial information presented by banks in Nigeria in the pre IFRS and post IFRS (Ekwe, Abaa & Okrolor, 2020).

The study contributes to the emerging body of knowledge on financial reporting quality using qualitative characteristics of understandability, faithful representation, comparability and timeliness. This study creates an in-road in measuring financial reporting quality using qualitative characteristics. This study accentuates one of the benefits expected from IFRS adoption (transparency and enhanced disclosures and seal of quality) as asserted by Nigeria IFRS adoption roadmap committee and also accentuated that sound policy should be in place to ensure complete compliance with the standards issued by IASB. Thus, the adoption and implementation of IFRS by various countries takes place in an environment that has their various expectations such as economy, political, laws, regulations and cultures. The objective of this study is to ascertain the International Financial Reporting Standards (IFRS) adoption and financial reporting quality in Nigeria.

1.1 Statement of the Research Problem

A number of empirical studies have been carried out on the effect of IFRS adoption on the banking industry in Nigeria (Yahaya, Joseph, & Safiya, 2015; Elosiuba & Okoye 2018; Nwaubani & Okoro, 2018). In this study, the effect of the IFRS adoption and financial reporting quality on banks' performances in Nigeria would be based on the mandatory adoption and implementation. The problems indicated that there may be significant difference in the quality of financial reporting between pre and post IFRS adoption in Nigeria. Financial reporting quality may increase or decrease in any of the period (pre-IFRS and post-IFRS) adoption amongst the four qualitative features of understandability, faithful representation, comparability, and timeliness. This study no doubt presented a developing economy perspective on the quality of financial reporting differences between pre and post IFRS adoption. The following research questions are expected to be answered at the end of this study:

i. What is the effect of IFRs adoption on understandability of financial reports on Nigerian banks?
ii. What is the effect of IFRS adoption on faithful representation of financial reports on banks in Nigeria?
iii. What is the effect of IFRs adoption on comparability of financial reports on banks in Nigeria?
iv. What is the effect of IFRs adoption on timeliness of reporting for Nigerian banks?

1.2 Objective of the Study

The main objective of this study is to assess the IFRS adoption and financial reporting quality in Nigeria. The specific objectives of the study are to:

i. examine the effect of IFRs adoption on understandability of financial reports on Nigerian banks;
ii. determine the effect of IFRS adoption on faithful representation of financial reports on banks in Nigeria;
iii. examine the effect of IFRS adoption on comparability of financial reports on banks in Nigeria; and
iv. ascertain the effect of IFRS adoption on timeliness of financial reporting for Nigerian banks.

1.3 Research Hypotheses

The following null hypotheses will be tested in the course of the study:

Ho1: IFRS adoption has no significant effect on understandability of financial reports on Nigerian banks.

Ho2: IFRS adoption has no significant effect on faithful representation of financial reports on banks in Nigeria.

Ho3: IFRS adoption has no significant effect on comparability of financial reports on banks in Nigeria.

Ho4: IFRS adoption has no significant effect on timeliness of financial reporting for Nigerian banks.

2. Literature Review

The move towards developing an acceptable global high quality financial reporting standards started in 1973 when the International Accounting Standards Committee (IASC) was formed by professional accounting bodies from Canada, United States of America, United Kingdom, Germany, France, Netherlands, Australia, Mexico and Japan (Atu, Atu & Atu, 2014). The IASC was to formulate uniform and global accounting standards aimed at reducing the discrepancies in international accounting principles and reporting practices. In this light, the IASC was established and has actively been championing the uniformity and standardization of accounting principles for over two decades (Madawaki, 2012). In April 2001, the IASC was reorganized into International Accounting Standards Boards (IASB). Since then, the IASB has updated the already existing International Accounting Standards and referred to them as International Financial Reporting Standards (IFRS) (Madawaki, 2012). IFRS standards are International Financial Reporting Standards (IFRS) that consist of a set of accounting rules that determine how transactions and other accounting events are required to be reported in financial statements. They are designed to maintain credibility and transparency in the financial world, which enables investors and business operators to make informed financial decisions.

International Financial Reporting Standards (IFRS) can be defined as an integrated set of standards that guide companies when measuring, recognizing and reporting the financial transactions that they undertake (Ibrahim, 2021). The adoption and implementation of the International Financial Reporting Standards (IFRSs) in Nigeria is advancement to Nigeria local GAAP on financial reporting (Odo, 2018). The Statement of Accounting Standards (SAS) which has been in use for preparation of financial statements before the implementation of IFRS in January 1st 2012, has been discarded since 2012 and 2014 for the new International Financial Reporting Standards (IFRS) to make organizations in Nigeria more attractive to investment and to be abreast with global best practices among other many economic reasons. The adoption of IFRS in Nigeria is a good land mark in financial reporting statements in Nigeria due to its wide spread acceptance (IFRS) for effective reporting in the global economy (Okpala, 2012; Taiwo & Adejare, 2014). In the past few years, many developed and developing countries have adopted and implemented International Financial Reporting Standards (IFRSs) as their basis for financial reporting. The implementation of International Financial Reporting Standards as opined by Ball (2006) if the application of IFRS is not uniform it will affect the reporting and perception of IFRS quality by users.

The study will view some survey carried out by scholars to ascertain their consistency in their findings concerning the IFRS adoptions and FRQ in Nigeria. According Agienohuwa and Ilaboya (2018) using the research strategy of panel design which combined longitudinal and cross-sectional data. The population is all commercial banks in Nigeria as at 31st December 2016. As at this period, there were 15 quoted deposit banks in Nigeria. The result shows that there is statistically significant difference in the quality of financial reporting between pre and post IFRS adoption in Nigeria. Financial reporting quality increased in the post-IFRS adoption across the five qualitative features of relevance, faithful representation, comparability, understandability, and timeliness, examined. This study no doubt presents a developing economy perspective on the quality of financial reporting quality differences between pre and post IFRS adoption. In another vein Aderin & Otakefe (2015) in his study gathered data from secondary sources. The justification for the use of secondary source of data is inherent in the nature and measurement of the variables to be utilised in the study. Data is gathered from the annual reports and financial statements of 23 companies listed under the agriculture, conglomerate, construction and healthcare sectors of the Nigerian Stock Exchange for a period of 4 years; pre and post IFRS adoption. The results of the study reveal that the adoption of IFRS has overall benefits in terms of improving the quality of reported financial information. It can also be concluded that the adoption of IFRS will have significant prospects as well as challenges on the activities of stakeholders. Specifically, the benefits that would be derived from the adoption of IFRS as gleaned from our study indicate that IFRS on the overall would enhance financial reporting quality while reducing the probability of earnings management practices. This shows that IFRS adoption is beneficial to the Nigerian financial landscape.

Ferdy, Geert, and Boelens (2009) study results reveal that the quality of financial reporting is increasing over time. In addition, there was a good performance and robustness in the analysis which ascertain the influence of the proportion of the fundamental to enhancing qualitative characteristics of usefulness, faith representation, comparability and timeliness. The study also finds out that the differential effects of IFRS and US GAAP on the relevance of annual reports are neutralized by the opposite differential effects of these accounting standards on the faithful representation of annual reports. Odo, (2018) the study finds out that, the effective implementation of IFRS requires careful planning and extensive public education, allocation of resources, legal and regulatory support system and institutional support with strong management systems, will assist to strengthen IFRS. Also, the various stakeholders should be integrally involved and included in development plans and how they are affected, they will be reluctant to support the change and IFRS adoption may not succeed. Odo, also suggested in his study that, there is the urgent need for all the relevant Nigeria educational institutions and professional accounting bodies to integrate IFRS into their curriculum and the membership qualifying examination syllabi respectively. This should be followed by increased funding by way of special research grants by the government for the training of lecturers on IFRS as a way of building human capacity in support of the transition from GAAP to IFRS.

Ezeani and Oladele, (2012) results shows that transition from national financial reporting standards to IFRS has the potential to create a need for clarification of the provision of certain IFRS in relation to certain country-special circumstances. There are a lot of personnel to be involved in IFRS financial instruments, there are also shortage of expertise in the field of IFRS which can affect not only the institutions but also private sectors, regulators and other governmental agencies. This is in consonance with the findings of Oladimeji, (1997) that behavoural accounting recognizes the extent to which internal and external influences in the course of operating objectives of the organ. The institutions recognizing this means it can achieve the objectives of accountability in Nigeria.

Desalegn (2020) study reveals that, there was an increase in the value relevance, understandability, comparability and faith representation of accounting information after adoption of IFRS. Furthermore, the finding also shows that, the adoption of international financial reporting standard improves qualitative characteristic such as value relevance, understandability, comparability and faith representation when it is compared to pre adoption of international financial reporting standard. Premise on the findings of the study, it can be concluded that adoption of IFRS has notable influence on financial reporting quality of commercial banks in Ethiopia.

Uwalomwa, Emeni, Olubukola and Ataiwrehe (2016) it was found in this study that IFRS adoption does not reduce earnings management practices engaged by Nigerian bank managers.

The study found out that income smoothing done by banks increased after the post-adoption period, and that the level of earnings management towards small positive earnings reduced in the post-adoption period. Thus, indicating a decrease in the quality of accounting information after IFRS adoption.

3. Data and Methods

The study adopted the longitudinal research design approach. This is due to the nature of the study which involves repeated observations of the same variables over long periods of time. Specifically, the study took a quantitative and comparative approach in examining the given population over a specified period of time. The population of this study consists of 14 banks quoted on the floor of Nigeria stock exchange (NSE) the banks are First Bank, Sterling Bank, Stanbic Bank, Zenith Bank, Union Bank, Access Bank, Fidelity Bank, Wema Bank, FCMB Bank, Keystone Bank, GT Bank, UBA, Unity Bank, Eco Bank. The choice of these companies arises because of their scale and method of operations in terms of financial reporting. Furthermore, each of the banks in the population has published their annual report for the period under review which enables the researcher to get appropriate clue of the adoption of International Financial Reporting Standards (IFRS) and financial reporting quality and acceptability. The sample for this study was selected as a census of the entire 14 banks. This was done because the population is a finite population, so, the element in the population could be observed in entirety. The study used secondary data obtained from the annual reports and accounts of the selected banks. The study used both descriptive and inferential statistics to analyse data collected. The descriptive statistics analysed the measures of central tendency, measures of dispersion and measures of normality; while the inferential statistics was done using the Multivariate analysis (MANOVA)

4. Data Analysis and Discussions of findings

Table 1: Descriptive Statistics of variables

	Comparability	Faithful	Relevance	Understandability	Timeliness	IFRS
Mean	2.842857	2.728571	2.471429	2.500000	2.942857	0.500000
Median	3.000000	3.000000	2.000000	2.000000	3.000000	0.500000
Maximum	5.000000	4.000000	4.000000	4.000000	5.000000	1.000000
Minimum	2.000000	2.000000	2.000000	1.000000	1.000000	0.000000
Std. Dev.	0.833398	0.747589	0.568259	0.714697	1.009106	0.501795
Skewness	0.449744	0.484851	0.702352	0.355999	-0.012011	0.000000
Kurtosis	1.986844	1.933828	2.471708	2.742511	2.563436	1.000000
Jarque-Bera	10.70745	12.11609	13.13834	3.343912	1.115128	23.33333
Probability	0.004731	0.002339	0.001403	0.187879	0.572602	0.000009

Source: Authors' Computation (2021)

The table 1 show the result of the descriptive statistics conducted on the variables. From the mean value of the first variable consistency, it was found to have a mean value of 2.84 the standard deviation measuring the spread of the distribution stood at a value of 0.833. The Jarque bera statistics measuring the spread of the distribution stood at a value of 0.00 therefore indicating that the variables are normally distributed at when tested at 5% critical level. Faithful representation was found to have a mean value of 2.7 the standard deviation which stood at a value of 0.74 and a Jarque bera statistics of 12.1 with a probability value of 0.00 therefore indicating that the variable is normally distributed at 5% critical level. Relevance was found to have a mean value of 2.47 a standard deviation 0.56 and a Jarque bera statistics of 0.00 which indicates normality of the variable. Understandability was found to have a mean value of 2.5 with a standard deviation value of 0.714 and a Jarque bera statistics of 3.3. Timeliness was found to have a mean value of 2.9, international financial reporting standard adoption was found to have a mean value of 0.50 a standard deviation of 0.50 and a Jarbera statistics value of 23.3 with a probability value of 0.00

Table 2: Independent T test

Quality	Mean	Mean	T test	Sig
Financial Reporting Quality	Pre- IFRS Adoption	Post- IFRS Adoption		
Relevance	2.31	2.57	-2.831	0.05
Faithful Representation	2.26	3.18	-8.945	0.00
Understandability	2.35	2.53	-1.538	0.05
Comparability	2.68	2.82	-1.043	0.12
Timeliness	2.83	3.06	-1.344	0.181

Source: Authors' Computation (2021)

From the result in table 2, it was observed that the effect of IFRs on the relevance of the financial statement before the adoption of IFRS it was observed that the mean value stood at 2.31 and the mean value of relevance in the post IFRS period stood at 2.57 therefore indicating that on the average IFRS has a positive influence on the financial reporting quality based on relevance. It was also found to be statistically significant as the t value stood at a value of -2.831 with a probability value of 0.05. The second variable which is faithful representation was found to have a mean value of 2.26 in the pre IFRS period and 3.18 in the post IFRS period therefore indicating that on the average faithful representation was more prominent in the post IFRS period. It was also found to be statistically significant when tested at the 5% critical value. Understandability was found to have a mean value of 2.35 in the pre IFRS period and a mean value of 2.53 in the post IFRS period.

It was also found to be statistically significant at 5% critical value. Comparability was found to have a mean value of 2.68 in the pre IFRS period and a value of 2.82 in the post IFRS period. This therefore indicates that the level of comparability was high in the post IFRS period therefore indicating that the adoption of IFRS had a positive impact on the level of comparability in the post IFRS period. Timeliness which is the last variable was found to have a mean value of 2.83 in the pre IFRS period and a mean value of 3.06 therefore indicating that the level of timeliness was greater in the post IFRS period therefore indicating that adoption of IFRS has an effect on the timeliness in reporting

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Table 3: Multivariate Test

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power[c]
Intercept	Pillai's Trace	.980	1316.784[b]	5.000	134.000	.000	.980	6583.922	1.000
	Wilks' Lambda	.020	1316.784[b]	5.000	134.000	.000	.980	6583.922	1.000
	Hotelling's Trace	49.134	1316.784[b]	5.000	134.000	.000	.980	6583.922	1.000
	Roy's Largest Root	49.134	1316.784[b]	5.000	134.000	.000	.980	6583.922	1.000
IFRS	Pillai's Trace	.442	21.217[b]	5.000	134.000	.000	.442	106.085	1.000
	Wilks' Lambda	.558	21.217[b]	5.000	134.000	.000	.442	106.085	1.000
	Hotelling's Trace	.792	21.217[b]	5.000	134.000	.000	.442	106.085	1.000
	Roy's Largest Root	.792	21.217[b]	5.000	134.000	.000	.442	106.085	1.000

a. Design: Intercept + IFRS

b. Exact statistic

c. Computed using alpha = .05

Source: Authors' Computation (2021)

The table 3 revealed the result of the multivariate test that was conducted on the variable MANOVA to actually ascertain if IFRs adoption has an effect on the financial reporting quality of firms in Nigeria. From the table above it was observed that the Wilks Lambda row revealed a statistically significant value due to the fact that the probability value of Wilk lambda was less than the critical 5% value therefore indicating that on the average it could be concluded that the financial reporting quality of most banks is statistically dependent on the adoption of the international financial reporting standard

Table 4: Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power[f]
Corrected Model	Relevance	3.457[a]	1	3.457	11.516	.001	.077	11.516	.921
	Faithful	29.257[b]	1	29.257	83.370	.000		83.370	1.000
	Understandability	2.314[c]	1	2.314	4.650	.033	.033	4.650	.572
	Consistency	.457[d]	1	.457	.657	.419	.005	.657	.127
	Timeliness	1.829[e]	1	1.829	1.806	.181	.013	1.806	.266
Intercept	Relevance	855.114	1	855.114	2848.415	.000	.954	2848.415	1.000
	Faithful	1042.314	1	1042.314	2970.135	.000	.956	2970.135	1.000
	Understandability	875.000	1	875.000	1758.007	.000	.927	1758.007	1.000
	Consistency	1131.457	1	1131.457	1625.019	.000	.922	1625.019	1.000
	Timeliness	1212.457	1	1212.457	1197.580	.000	.897	1197.580	1.000
IFRS	Relevance	3.457	1	3.457	11.516	.001	.077	11.516	.921
	Faithful	29.257	1	29.257	83.370	.000	.377	83.370	1.000
	Understandability	2.314	1	2.314	4.650	.033	.033	4.650	.572
	Consistency	.457	1	.457	.657	.419	.005	.657	.127
	Timeliness	1.829	1	1.829	1.806	.181	.013	1.806	.266
Error	Relevance	41.429	138	.300					
	Faithful	48.429	138	.351					
	Understandability	68.686	138	.498					
	Consistency	96.086	138	.696					
	Timeliness	139.714	138	1.012					
Total	Relevance	900.000	140						
	Faithful	1120.000	140						
	Understandability	946.000	140						
	Consistency	1228.000	140						
	Timeliness	1354.000	140						
Corrected Total	Relevance	44.886	139						
	Faithful	77.686	139						
	Understandability	71.000	139						
	Consistency	96.543	139						
	Timeliness	141.543	139						

a. R Squared = .077 (Adjusted R Squared = .070)
b. R Squared = .377 (Adjusted R Squared = .372)
c. R Squared = .033 (Adjusted R Squared = .026)
d. R Squared = .005 (Adjusted R Squared = -.002)
e. R Squared = .013 (Adjusted R Squared = .006)
f. Computed using alpha = .05

Source: Authors' Computation (2021)

This test of between-subjects effects shown in table 4 was conducted to determine if the dependent variables differ for the independent variable. From the table, it can be seen that IFRs adoption has a statistically significant effect on the relevance{$F(1,139)=11.52$, $p< 0.05$;partial $\eta^2 = .08$); faithful representation {$F(1,139)=83.4$, $p< 0.05$;partial $\eta^2 = .38$); understandability

{F(1,139)=,4.65 $p< 0.05$;partial $\eta^2 = .03$); consistency{F(1,139)=.66, $p< 0.05$;partial $\eta^2 = .005$); and timeliness {F(1,139)=1.81, $p< 0.05$;partial $\eta^2 = .01$)

From all the analysis carried out so far it could be seen that the financial reporting quality after IFRS adoption has increased compared to the overall financial reporting quality prior to IFRS adoption. Based on the various components of financial reporting quality it was observed that understandability, faithful representation, comparability and timeliness were found to be influenced by IFRS adoption. However, it was observed that the level of significance in timeliness in the pre and post IFRS period was not significant. This could be as a result of the increased demand for disclosure in the IFRS implementation. Due to this demand the bank might need longer time in the generation of financial information. This study is in line with the study of Barth (2008) who was of the opinion that there was an increase in the level of accounting quality after the adoption of IFRS. The study was of the view that IFRS outweigh the use of GAAP. Information presented by companies when they make use of IFRS reflects the organisations real condition which suffices that faithful representation after IFRS adoption is higher.

5. Conclusion

This study dwelled on the effect of IFRS on financial reporting quality in Nigeria. The objective was to find out whether IFRS provides greater financial reporting quality. It was observed that the level of significance in timeliness in the pre and post IFRS period was not significant. This could be as a result of the increased demand for disclosure in the IFRS implementation. Based on the analysis carried out so far it could be seen that the financial reporting quality after IFRS adoption has increased compared to the overall financial reporting quality prior to IFRS adoption. It was observed from the various components of financial reporting quality that understandability, faithful representation, comparability and timeliness were found to be influenced by IFRS adoption.

Also, for policy makers, practitioners and academics it provides a platform to explain or understand the efficacy of IFRS adoption. Better understanding of IFRS is essential to resolving the debate. Public discussion and academic research have not settled the matter. As a result, this study further provided a better understanding of IFRS and its impact on corporate financial reporting components in the banking sector in relation to Nigeria's generally accepted accounting principles (NGAAP).

Thus, it was concluded that IFRS will confer greater benefits particularly in the areas of financial statements, cross border listings, merger and acquisitions and ability to raise finance. Also, that, IFRS will have an impact on the reporting quality of banks and it will enhance best practices of the banking industry.

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