

International Financial Reporting Standards and the Quality of Banks Financial Statement Information: Evidence from an Emerging Market- Nigeria

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Abstract : Giving the paucity of studies on IFRS adoption and quality of banks accounting quality, particularly in emerging economies, this study is motivated to investigate whether the Nigeria decision to adopt IFRS beginning from 1 January 2012 is associated with high quality accounting measures. Consistent with prior literatures, this study measure quality of financial statement information using earnings measurement, timeliness of loss recognition and value relevance. A total of twenty Nigeria banks covering a period of six years (2008-2013) divided equally into three years each (2008, 2009, 2010) pre adoption period and (2011, 2012, 2013) post adoption period were investigated. Following prior studies eight models were in all employed to investigate earnings management, timeliness of loss recognition and value relevance of Nigeria bank accounting quality for the different reporting regimes. Results suggest that IFRS adoption is associated with minimal earnings management, timely recognition of losses and high value relevance of accounting information. Summarily, IFRS adoption engenders higher quality of banks financial statement information compared to local GAAP. Hence, this study recommends the global adoption of IFRS and that Nigeria banks should embrace good corporate governance practices.

Keywords : IFRS, SAS, quality of accounting information, earnings measurement, discretionary accruals, non-discretionary accruals, total accruals, Jones model, timeliness of loss recognition, value relevance

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