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INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) DISCLOSURE AND LIQUIDITY OF DEPOSIT MONEY BANKS (DMBS) IN NIGERIA

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Abstract

The research focused on assessing the impact of International Financial Reporting Standards (IFRS) disclosure on the liquidity of Deposit Money Banks (DMBs) in Nigeria following its adoption. A deliberate selection of ten out of the fifteen quoted banks in Nigeria was made for the analysis, examining their financial statements spanning from 2015 to 2019. Panel data analysis was employed to determine the statistical significance of IFRS disclosures in relation to the liquidity of these banks. Results from the analysis revealed that liquidity ratios such as Liquidity Ratio, Non-Performing Loan Ratio, Cost to Income Ratio, and Loan to Deposit Ratio were significant independent predictors of IFRS disclosures. As a result, the null hypotheses (Ho1, Ho2, Ho3, and Ho4) were refuted. The findings indicated that the adoption of IFRS disclosures is not random, as evidenced by the coefficient values (0.3265, 0.0379, -0.0213, -0.0719) and probability values (0.000, 0.588, 0.538, 0.298), suggesting that an increase in Liquidity Ratio, Non-Performing Loan Ratio, leads to improved liquidity in Nigerian Deposit Money Banks while an increase in Cost to Income Ratio, and Loan to Deposit Ratio leads to decrease in liquidity of

Keywords: Cost to Income Ratio, International Financial Reporting Standards, Liquidity, Loan to Deposit Ratio and Non Performing Loan Ratio.

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Nigerian Deposit Money Banks. At a significance level of 5%, the evidence from the study demonstrates that IFRS disclosures significantly influence the Liquidity Ratio, Non-Performing Loan Ratio, Cost to Income Ratio, and Loan to Deposit Ratio of Deposit Money Banks in Nigeria. Therefore, the study concludes that the adoption of International Financial Reporting Standards (IFRS) disclosures has a substantial impact on the liquidity of DMBs in Nigeria. Consequently, it is recommended that Deposit Money Banks (DMBs) in Nigeria fully embrace and diligently implement International Financial Reporting Standards (IFRS) to optimize their effect on liquidity. Additionally, DMBs should closely monitor financial ratios, given their significant influence on liquidity.

Introduction

Nigeria recognised the global trend towards standardised reporting and mandated the adoption of International Financial Reporting Standards (IFRS) for its firms in 2012, replacing the previous Statement of Accounting Standards (SASs) (Iyoha & Jimoh, 2011; Okafor & Ogiedu, 2012). This shift aimed to align Nigeria's financial practices with international norms and enhance the quality of financial disclosures (Owolabi & Iyoha, 2012). Deposit Money Banks (DMBs) play a vital role in Nigeria's financial sector, and their liquidity is of significant interest to stakeholders (CBN, 2020). However, there's ongoing debate about how the adoption of IFRS has affected DMBs' liquidity (Umoren & Enang, 2015). The transition to IFRS required substantial changes in DMBs' accounting systems and policies, including staff training and software adoption (Tanko, 2012).

This study seeks to examine the impact of IFRS disclosures on DMBs' liquidity, addressing gaps in research specific to Nigeria's banking sector (Odoemelam & Okafor, 2018). By understanding how accounting standard changes affect liquidity ratios, policymakers, regulators, and industry participants can make informed decisions (Nnadi & Soobaroyen, 2015). Additionally, the study aims to assist Nigerian DMBs in refining their financial reporting practices and strengthening relationships with stakeholders (Iyoha & Jimoh, 2011). Furthermore, the research contributes to understanding the broader implications of IFRS adoption in emerging economies, serving as a guide for policymakers and regulators in similar contexts (Obazee, 2007). Ultimately, this study aims to provide valuable insights for improving financial reporting practices and liquidity management in Nigeria's banking sector.

Statement of the Problem

The transition from the Nigerian Accounting Standards Board (NASB) to the Financial Reporting Council of Nigeria (FRCN) paved the way for the adoption of International Financial Reporting Standards (IFRS) in Nigeria in 2012, aligning the country's accounting

EDITOR-IN-CHIEF
Prof. R. Rena [South Africa]

standards with global practices (Erin, Oduwole, & Arumona, 2018; Obazee, 2007). While previous research mainly focuses on the mandatory adoption of IFRS in banks and its impact on financial statement quality (Umoren & Enang, 2015; Okafor & Ogiedu, 2012), there's a notable gap in understanding its effects on liquidity reporting, particularly in Deposit Money Banks (DMBs) in Nigeria. Given the methodological variations in previous studies and the evolving nature of IFRS (Iyoha & Jimoh, 2011; Tanko, 2012), there's a need for a specific examination of its influence on listed Nigerian banks' liquidity. However, no prior research has specifically addressed the impact of IFRS disclosure on DMBs' liquidity over a post-adoption period of five years (2015 to 2019) in Nigeria (Odoemelam & Okafor, 2018).

This study aims to fill this gap by analyzing financial reports prepared under IFRS by DMBs during the aforementioned period. The key question this study intends to answer is: **To what extent have IFRS disclosures enhanced the liquidity of Deposit Money Banks in Nigeria?** Focusing on key indicators such as **Liquidity Ratio, Non-Performing Loan Ratio, Cost to Income Ratio,** and **Loan to Deposit Ratio**, the study aims to provide insights into the extent to which the adoption of IFRS has influenced DMBs' liquidity in Nigeria.

Research Questions

The following research questions will be attempted to answer through this study:

1. What is the influence of IFRS disclosure on Liquidity of Deposit Money Banks in Nigeria?
2. To what extent does IFRS disclosure influence Non-Performing Loan of Deposit Money Banks in Nigeria?
3. How significant is the influence of IFRS disclosure on Cost to Income Ratio of Deposit Money Banks in Nigeria?
4. Does IFRS disclosure significantly influence Loan to Deposit Ratio of Deposit Money Banks in Nigeria?

Aim and Objectives of the Study

The primary aim of this research is to investigate how the disclosure of IFRS affects the Nigeria Deposit Money Banks' liquidity in Nigeria. Other specific objectives are;

i. to ascertain the influence of IFRS disclosures on Liquidity Ratio of Deposit Money Banks in Nigeria,
ii. to investigate the influence of IFRS disclosures on Non-Performing Loan Ratio of Deposit Money Banks in Nigeria,
iii. to study the impact of IFRS disclosures on Cost to Income Ratio of Deposit Money Banks in Nigeria and,
iv. to examine the effect of IFRS disclosures on Loan to Deposit Ratio of Deposit Money Banks in Nigeria.

EDITOR-IN-CHIEF
Prof. R. Rena [South Africa]

Statement of the Hypotheses

To achieve this research aim and objectives, the following research hypotheses were developed.

Ho1: IFRS disclosure has no significant influence on Liquidity Ratio of Deposit Money Banks in Nigeria.

Ho2: IFRS disclosure has no significant influence on the Non-Performing Loan Ratio of Deposit Money Banks in Nigeria.

Ho3: IFRS disclosure has no significant influence on Cost to Income Ratio of Deposit Money Banks in Nigeria.

Ho4: IFRS disclosure has no significant influence on Loan to Deposit Ratio of Deposit Money Banks in Nigeria.

Conceptual Review

International Financial Reporting Standards (IFRS)

Accounting operates under generally accepted accounting principles (GAAP), which encompass procedures, rules, and conventions defining accepted practices at a given time. The adoption of International Financial Reporting Standards (IFRS) aims to enhance global financial reporting comparability, potentially improving investment decision-making and resource allocation efficiency. IFRS adoption eliminates the need for restating financial statements, promotes accounting uniformity globally, facilitates cross-border capital flow, and integrates financial markets.

IFRS provides clear standards dictating the treatment of accounting issues, significantly impacting the reliability and quality of financial information worldwide. Implementation involves replacing national rules with IFRS requirements, aligning with the International Accounting Standards Board (IASB) regulations. It represents a globally accepted framework enhancing transparency, comparability, and reliability in financial reporting. Adoption requires changes in accounting policies, recognition, measurement, and disclosure practices, potentially affecting banks' profitability indicators.

The adoption of IFRS necessitates adherence to the IASB guidelines, departing from national regulations. This global trend aims to enhance financial reporting quality and global comparability. In Nigeria, the impact of IFRS on listed Deposit Money Banks' (DMBs) liquidity is under scrutiny. Understanding the link between IFRS adoption and DMBs' liquidity is essential for Nigerian banking sector stakeholders, including policymakers, regulators, and investors. The table below shows the list of IFRS 1 to 19 and IAS 1 to 41 with their issued and effective dates.

Table 1: IFRS 1-19 and IAS 1-41 with their issued and effective dates:

IFRS/IAS	Titles	Original Issue date	1st Effective date	Revised Issue	Amended Effective date
IFRS 1	First Adoption of International Financial Reporting Standards	2003	1,Jan 2004	2016	1,Jan 2018
IFRS 2	Share-based payment	2004	1,Jan 2005	2016	1,Jan 2018
IFRS 3	Business Combinations	2004	31,Mar 2004	2017	1,Jan 2019
IFRS 4	Insurance contracts will be superseded by IFRS 17 as of 1,January 2021	2004	1,Jan 2005	2016	1,Jan 2018
IFRS 5	Non-current Assets Held for Sales and Discontinued operations	2004	1,Jan 2010	2014	1,Jan 2016
IFRS 6	Exploration and Evaluation of Mineral Assets	2004	1,Jan 2006	2005	1,Jan 2006
IFRS 7	Financial Instrument: Disclosure	2005	1,Jan 2007	2014	1,Jan 2016
IFRS 8	Operation Segment	2006	1,Jan 2009	2013	1,July 2014
IFRS 9	Financial Instrument	2009	1, Feb 2015	2017	1,Jan 2019
IFRS 10	Consolidate Financial Statements	2011	1,Jan 2013	2015	1,Jan 2016
IFRS 11	Joint Arrangements	2011	1,Jan 2013	2017	1,Jan 2019
IFRS 12	Disclosure of interests in Other Entities	2011	1,Jan 2013	2016	1,Jan 2017
IFRS 13	Fair Value Measurement	2011	1,Jan 2013	2013	1,July 2014
IFRS 14	Regulation Deferral Accounts	2014	1,Jan 2016	2014	1,Jan 2016
IFRS 15	Revenue from Contracts with Customers	2014	1,Jan 2018	2016	1,Jan 2018

EDITOR-IN-CHIEF
Prof. R. Rena [South Africa]

IFRS/IAS	Titles	Original Issue date	1st Effective date	Revised Issue	Amended Effective date
IFRS 16	Leases	2016	1,Jan 2019	2016	1,Jan 2019
IFRS 17	Insurance Contracts	2017	1,Jan 2021	2017	1,Jan 2021
IFRS 18	Presentation and Disclosures in Financial Statements	2024	1,Jan 2027		
IFRS 19	Subsidiaries without Public Accountability: Disclosures	2024	1,Jan 2027		
IAS 1	Presentation of Financial Statements	2003	1,Jan 2005	2014	1,Jan 2016
IAS 2	Inventories	2003	1,Jan 2005	2003	1,Jan 2005
IAS 7	Statement of Cash Flows	1992	1,Jan 1994	2016	1,Jan 2017
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	2003	1,Jan 2005	2003	1,Jan 2005
IAS 10	Events After the Reporting Period	2003	1,Jan 2005	2003	1,Jan 2005
IAS 12	Income Taxes	1996	1,Jan 1998	2007	1,Jan 2019
IAS 16	Property, Plant and Equipment	2003	1,Jan 2005	2014	1,Jan 2016
IAS 19	Employee Benefits	2004	1,Jan 2006	2018	1,Jan 2019
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1983		2008	1,Jan 2009
IAS 21	The Effects of Changes in Foreign exchange Rates	2003	1,Jan 2005	2005	1,Jan 2005
IAS 23	Borrowing Costs	2007	1,Jan 2009	2017	1,Jan 2019
IAS 24	Related Party Disclosures	2003	1,Jan 2005	2013	1,July 2014

EDITOR-IN-CHIEF
Prof. R. Rena [South Africa]

IFRS/IAS	Titles	Original Issue date	1st Effective date	Revised Issue	Amended Effective date
IAS 27	Consolidated and Separate Financial Statements	2003	1,Jan 2005	2014	1,Jan 2016
IAS 28	Investments in Associates and Joint Ventures	2003	1,Jan 2005	2017	1,Jan 2019
IAS 29	Financial Reporting in Hyperinflationary Economies	2008	1,Jan 2009	2008	1,Jan 2009
IAS 32	Financial Instruments: Presentation	2003	1,Jan 2005	2012	1,Jan 2013
IAS 33	Earnings Per Share	2003	1,Jan 2005	2003	1,Jan 2005
IAS 34	Interim Financial Reporting	1998	1,July 1999	2014	1,Jan 2016
IAS 36	Impairment of Assets	2004	31,Mar 2004	2013	1,Jan 2014
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1998		1998	
IAS 38	Intangible Assets	2004	31,Mar 2004	2014	1,Jan 2016
IAS 40	Investment Property	2003	1,Jan 2005	2016	1,Jan 2018
IAS 41	Agriculture	2008	1,Jan 2009	2014	1,Jan 2016

Source: IFRS Update of standards and interpretations in issue as at 30 June 2025.

Nigeria's IFRS Adoption Process

A thorough analysis preceded the formulation of Nigeria's adoption roadmap for International Financial Reporting Standards (IFRS), concluding that adoption would serve the country's best interests. The roadmap outlines a staged approach with specific transition phases to ensure a smooth transition and attainment of set objectives. These phases aim to guide the implementation process and achieve primary goals within predetermined timelines, as indicated by the roadmap milestones.

Stage One: Listed Public Firms and Significant Public Interest Firms

The first stage focuses on Listed Public Firms and Significant Public Interest Firms, including quoted companies on Nigerian and foreign stock exchanges, as well as government-run entities like banks and insurance firms. Awareness-raising and education initiatives precede the transition to IFRS, followed by planning, training, and assessing the impact on systems, processes, and enterprises. Nigeria initiated this phase in 2012 to enhance financial reporting quality and uniformity among large public interest entities and publicly traded companies.

Stage Two: Other Public Interest Entities

The second stage targets Other Public Interest Entities, which, though not listed on the Nigerian Stock Exchange, hold significance due to their size and business model, such as NGOs and pension funds. These entities were mandated to transition to IFRS in 2011 and produce quarterly financial reports by 2013, along with opening Statements of Financial Position (SFP) and comparative numbers. This phase, launched in 2013, aimed to improve financial reporting standards and enhance transparency and accountability among entities not listed on the NSE but significantly affecting public interest.

Stage Three: Small and Medium Entities

The third stage addresses Small and Medium Entities (SMEs), which may or may not be publicly accountable and are not listed on the NSE. These entities are exempt from certain requirements based on criteria such as total assets and annual revenue, as determined by the Corporate Affairs Commission (CAC). Transition for SMEs to IFRS began in 2012, with mandatory implementation scheduled for 2014. For SMEs not meeting IFRS requirements, the United Nations Conference on Trade and Development (UNCTAD) developed Accounting Guideline Level 3. Overall, Nigeria's adoption roadmap for IFRS reflects a comprehensive strategy to align with global accounting standards, enhance financial reporting quality, and promote transparency and accountability across various sectors of the economy.

Advantages of Adopting IFRS in Nigeria.

Previous research by various academics (Ozili & Outa, 2018; Ballas, Skoutela, & Tzovas, 2019) highlights numerous advantages of adopting International Financial Reporting Standards (IFRS), including reducing profit manipulation, enhancing financial reporting transparency, and improving the quality of financial disclosures. The global acceptance of IFRS facilitates foreign investment and access to international capital markets (Odia & Ogiedu, 2013), while also streamlining mergers and acquisitions and enhancing risk

EDITOR-IN-CHIEF
Prof. R. Rena [South Africa]

management and corporate governance (Iyoha & Jimoh, 2011). Additionally, IFRS implementation increases investor trust, simplifies financial reporting across jurisdictions, and improves management decision-making and risk assessment (Hossain, Momin, & Rowe, 2015).

In Nigeria, the implementation of IFRS is expected to yield several benefits, including improving financial reporting quality, transparency, and comparability across private and public companies (Umoren & Enang, 2015). This enhancement is crucial for informed investment decision-making and provides local businesses with better access to external funding (Owolabi & Iyoha, 2012). Furthermore, the adoption of IFRS reduces the cost of international trade by eliminating the need for supplementary information from Nigerian companies, thereby promoting economic development and facilitating mergers, acquisitions, and foreign subsidiary reporting (Erin, Oduwole, & Arumona, 2018).

Nigerian IFRS Implementation Obstacles

The implementation of International Financial Reporting Standards (IFRS) in Nigeria, as noted by Odia & Ogiedu (2013), is met with several challenges. To effectively adopt IFRS, there's a pressing need for education and training across various stakeholders involved in financial reporting. These include lawmakers, regulators, analysts, the media, rating agencies, educational institutions, and others. Prior to the introduction of IFRS in Nigeria, meaningful discussions with relevant parties should have been held to address these challenges.

Key obstacles to successful IFRS implementation in Nigeria include the degree of knowledge, training and education, availability of learning materials, tax reporting, impairment evaluation, financial instruments, loan loss provisioning, securities investment, implementing new laws, governance, staffing, IASB funding, and dominant influences from certain countries. These challenges must be addressed to ensure a smooth transition to IFRS and improve financial reporting quality and transparency.

The successful adoption of IFRS hinges on maintaining the autonomy of the International Accounting Standards Board (IASB), adequate funding, a skilled workforce, and robust governance mechanisms. Efforts to enhance inclusivity and consider diverse perspectives in standard-setting processes are crucial. Other challenges include compliance issues, cultural and structural changes, limited awareness and understanding, inadequate infrastructure, capacity building, regulatory frameworks, transition issues, data quality, industry-specific challenges, and ethical considerations.

Implementing IFRS is viewed as a step towards addressing deficiencies in financial reporting and enhancing risk management practices within the Nigerian banking sector. Analyzing the impact of IFRS disclosures on profitability provides valuable insights into

the adaptability of Deposit Money Banks (DMBs) in navigating dynamic regulatory environments, technological advancements, and increasing competition.

Financial Statements and the Implementation of IFRS

According to Dumont (2015), the implementation of International Financial Reporting Standards (IFRS) can have significant impacts on various aspects of financial reporting:

Inventory Valuation: IFRS prohibits the use of the last-in-first-out (LIFO) method for inventory valuation, necessitating a switch to first-in-first-out (FIFO) for companies previously using LIFO under generally accepted accounting standards (GAAP).

Property, Plant, and Equipment: IFRS allows for alterations in the valuation of non-current assets, potentially affecting a company's financial reporting compared to the historical cost method used under GAAP.

Goodwill: IFRS permits the marking up of goodwill, which impacts the income statement differently than under GAAP, where goodwill cannot be marked up.

Construction Contracts: Revenue recognition for construction projects differs between GAAP and IFRS, with IFRS allowing revenue recognition up to contract costs if project outcomes are uncertain.

Cost of Goods Sold: Transitioning from LIFO to FIFO under IFRS affects the comparability of financial statements, impacting liquidity, earnings, income taxes, retained profits, and equity, particularly during inflationary periods.

Operating Expenses: IFRS distinguishes between costs and losses, including losses from primary business operations in operating expenses, unlike GAAP.

Financial Ratios: The conversion from GAAP to IFRS can influence various financial ratios, including liquidity ratio, non-performing loan ratio, cost to income ratio, loan to deposit ratio, current and quick ratios, and interest coverage ratio, as well as return on assets, due to differences in inventory methods and other contributing factors.

In summary, the adoption of IFRS can lead to significant changes in financial reporting practices and outcomes, affecting inventory valuation, property valuation, goodwill treatment, revenue recognition, cost of goods sold, operating expenses, and financial ratios.

Nigerian Banking Industry

In 2014, the Central Bank of Nigeria (CBN) attributed the country's stability and growth to its tight monetary policies, which led to significant achievements such as a six-year low in inflation, a reduction in the debt to GDP ratio to 11%, and a $37.15 billion foreign currency reserve. By April 2014, private sector credit had increased by 26.4%, and Nigeria had

attracted over $22 billion in foreign direct investment (FDI) from 2010 to 2013, positioning it as one of Africa's top economies.

The Nigerian banking sector has a rich history dating back to the late 19th century when operations began with the establishment of the African Banking Corporation and the Bank of British West Africa. The CBN itself was established in 1959. Significant growth and changes occurred between 1947 and 1994, with the number of banks increasing substantially due to financial deregulation and liberalization in the 1990s. However, challenges such as systemic fraud and inadequate capital plagued the sector by the early 2000s. Between 2004 and 2009, the banking sector underwent significant consolidation efforts aimed at ensuring efficient financial intermediation. Despite initial successes, the global financial crisis of 2007 hindered growth, leading to liquidity problems in some banks. Government intervention was necessary to stabilize the sector, involving a substantial investment to preserve financial stability and protect depositors' funds.

The CBN plays a crucial role in supervising and monitoring banks to mitigate risks and safeguard stakeholders' interests. Nigerian banks offer a wide range of financial services, including deposit-taking, lending, trade finance, treasury operations, foreign exchange services, and investment banking. Technological advancements have revolutionized the sector, with banks embracing digital transformation to enhance customer experience and promote financial inclusion. To ensure stability and resilience, the CBN has implemented prudential rules and risk management standards, requiring banks to maintain adequate capital buffers, conduct regular risk assessments, and adhere to anti-money laundering measures. Corporate governance practices are governed by CBN regulations, promoting transparency, accountability, and ethical behavior.

Overall, the Nigerian banking industry plays a vital role in supporting economic development and innovation. Ongoing efforts to strengthen regulations, governance, and risk management are essential for sustaining growth and supporting Nigeria's economic aspirations.

Listed Nigeria Deposit money Banks and IFRS

The acceleration of globalisation and increased cross-border competition necessitates cooperation among nations and businesses to enhance global competitiveness. International Financial Reporting Standards (IFRS) aim to reduce the cost of capital for international trade and harmonise accounting practices globally by providing similar, reliable, relevant, and consistent financial data (Essien-Akpa, 2011; Hossain, Momin, & Rowe, 2015). Proficiency in analysing and presenting financial data using IFRS language is crucial for successful implementation, both domestically and internationally. Research by Odia and Ogiedu (2013) suggests that the introduction of IFRS results in more uniform,

trustworthy, and relevant financial information globally, leading to the production of high-quality financial statements that are understandable, comparable, trustworthy, reliable, and meaningful for entities in the financial industry. These characteristics are critical for users of financial reports, particularly investors and regulators, who rely on transparent and comparable data for decision-making.

Governments must prioritise the introduction of IFRS to unlock the economic potential of their countries, particularly in terms of execution and compliance (Owolabi & Iyoha, 2012). Studies like those by Hossain et al. (2015), which examined the implementation of IFRS in developing nations like Bangladesh, indicate that introducing IFRS can benefit the Nigerian economy in various ways. These benefits include enhancing organizations' capacity to achieve international listing, increasing exposure to global financial markets, attracting foreign direct investment, reducing the cost of capital, and improving firms' liquidity (Iyoha & Jimoh, 2011; Umoren & Enang, 2015).

IFRS and Accounting Principles

The International Accounting Standards Board (IASB) holds authority over the development and modification of International Financial Reporting Standards (IFRS), primarily focusing on profit-driven organizations. Financial reports produced by companies contain vital information about their performance, financial status, and cash flow, aiding various users in making informed financial decisions. Components of a complete set of financial statements include the balance sheet, statement of profit or loss and other comprehensive income, statement of cash flows, statement of changes in equity, explanation of accounting rules, and notes to the financial statements.

Key features of accounting principles encompass rule-based guidance, influenced by legal and regulatory frameworks specific to each country, often providing industry-specific standards and emphasizing historical cost measurement. While both IFRS and accounting principles aim to provide a framework for financial reporting, they differ in approach, level of detail, and global applicability. IFRS aims for global acceptance, promoting consistency and comparability across borders, whereas accounting principles are tailored to individual countries and influenced by local regulations.

The objectives of general-purpose financial reporting are outlined in the IASB's Conceptual Framework, with IFRS representing a collection of accounting standards used by companies to prepare and present financial statements. The framework, initially published in September 2010 and currently under revision, emphasizes attributes like relevance, faithful representation, understandability, comparability, timeliness, and verifiability. It discusses key concepts such as the going concern convention, foundational assumption, components of financial statements, element recognition, element

measurement, historical cost, and potential alternatives. IFRS standards (IFRS 1 to IFRS 17) and IAS standards (IAS 1 to IAS 41) have distinct release and effective dates.

Differences between NGAAP and IFRS

The Nigerian Accounting Standards Board (NASB), established in 1982, was initially overseen by the Institute of Chartered Accountants of Nigeria (ICAN) before becoming a division of the Federal Ministry of Trade and Tourism in 1992. Despite its efforts to set standards, multinational corporations viewed the Statement of Accounting Standards (SASs) as merely a reflection of existing International Accounting Standards, resulting in only partial acceptance. Unethical accounting practices in Nigeria prompted a call for the adoption of International Financial Reporting Standards (IFRS). The establishment of the Financial Reporting Council of Nigeria (FRCN) in 2011 aimed to ensure proper implementation of IFRS, particularly emphasizing fair value accounting. With the repeal of the NASB Act in 2011, which had issued 31 SASs, the transition to IFRS gained momentum.

Examining the financial records of Nigerian banks often reveals inconsistencies in applying accounting principles. These differences arise from the principle-based approach used in both IFRS and Nigerian Generally Accepted Accounting Principles (NG-GAAP), relying heavily on expert judgment for interpretation and implementation. Discrepancies between NG-GAAP and IFRS are particularly evident in financial statement presentations, including changes in equity, income statements, and significant management estimates and judgments—areas not addressed in local standards. Substantial differences also arise in various aspects such as property, plant and equipment, related parties, segment reporting, leases, impairment, and risk management disclosures. Additional distinctions include financial guarantees, consolidation scope, and employee benefits.

Table 2: Key Differences between NGAAP and IFRS

TOPIC	NGAAP	IFRS
Financial statement presentation	- Income statement - Balance sheet - Cash flow statement - Value added statement - Accounting policies - Notes to account - Directors reports	-Statement of comprehensive income (including income statement). - Statement of financial position (balance sheet) - Statement of changes in equity - Statement of cash flows - Accounting policies - Notes -Significant management estimates and judgments
Property plant and Equipment	Measured using cost model	Measured using cost model with detailed guidance regarding: - Componentization - Useful lives - Residual values

EDITOR-IN-CHIEF
Prof. R. Rena [South Africa]

		-Impairment calculations and identifying cash generating units.
Related parties	Limited disclosure but expected	Detailed guidance on identification of related parties and detailed disclosure of related parties and transactions
Segment reporting	More on geography	- Operation segments based on management's view. - Threshold for reportable segments is results or assets of an individual segment should be 10% or more of all segments. - If the aggregate revenue of all reported segments on this basis less than75% of total, then more segments required until 75% threshold is reached.
First time IFRS adoption	Not related to GAAP	Addresses the requirement on IFRS transition.
IFRS 1 - First time adoption of IFRS	Not applicable	Provides guidance and requirements on the transition to IFRS. Also provides relief for certain items in the preparation of the opening balance sheet.
Financial guarantees	Disclosed as contingent liabilities	Requires financial guarantees to be recognized at their fair value
Scope of consolidation	General principles	Investments under control are consolidated. SPEs are potentially also consolidated
Employee benefits	General expense and disclosures on pensions	- Complex criteria of accounting - Recognize the undiscounted amount of short-term employee benefits
Risk management disclosures	Limited disclosure of foreign exchange and credit risk	Disclosure required for: - Credit risk and - Liquidity risk - Price risk - Capital risk management - Risk management
Leases	Based on general guidelines – operating and finance leases	- Currently similar but updates to IFRSs e.g. IFRIC 4 will lead to only finance leases hence more items coming unto balance sheet. - Fair value and amortized costs used in valuations - Certain transactions/contracts containing hidden leases which needed to be accounted for
Impairments	No specific standard	- Carry out impairment test based on trigger vent - IFRS 36 – impairment on non – financial assets - IAS 39 – impairment on financial assets
Financial asset classification and valuation	Classification include: - Cost - Amortized cost	Classification include: - Amortized cost - Fair value This is driven by the business model and nature of the instrument.

Source: Akinbode and Omoba (2023)

EDITOR-IN-CHIEF
Prof. R. Rena [South Africa]

Nigeria's Legal and Regulatory Environment for the Accounting Profession

The Companies and Allied Matters Act (CAMA) 1990 NOW CAMA 2020: Now CAMA 2020, was Nigeria's primary business law before the adoption of International Financial Reporting Standards (IFRS). It laid down regulations, principles, and guidelines for preparing financial statements. The CAMA specified the format, content, disclosure, and auditing standards that companies must adhere to. The Nigerian Accounting Standards Board (NASB) was responsible for publishing the Statement of Accounting Standards (SAS), ensuring compliance with CAMA rules.

The Nigerian Accounting Standard Board (NASB) Act 2003: The NASB Act of 2003 established the NASB as an independent entity responsible for creating and publishing accounting standards in Nigeria. It aimed to promote uniformity and transparency in financial reporting practices. The NASB Act empowered the NASB to develop, review, and revise accounting standards, and to monitor compliance with these standards. The Financial Reporting Council of Nigeria (FRCN) was established to oversee the NASB's activities.

The Central Bank of Nigeria (CBN) Act 1991: The Central Bank of Nigeria (CBN) Act of 1991 mandated the CBN to regulate and supervise banks and non-banking financial institutions. The Act imposed financial reporting requirements on banks, requiring them to submit audited financial statements to the CBN for approval before publication. The CBN played a crucial role in ensuring the stability and integrity of the banking sector.

The National Insurance Commission Act 2003 (NAICOM Act 2003): The National Insurance Commission Act (NAICOM) of 2003 empowered NAICOM to regulate and supervise insurance companies' financial reporting. It required insurance firms to adhere to regulations promoting transparency and conformity in financial statements preparation and presentation.

Investment and Security Exchange ACT (ISE) 2007: The Investment and Securities Exchange Act (ISE) of 2007 regulated corporate obligations in public enterprises, requiring compliance with financial reporting standards set by the Securities and Exchange Commission (SEC). The Act aimed to promote fair, efficient, and transparent securities trading, protecting investors' interests.

Nigerian Stock Exchange Act (SEC) 1961: The Nigerian Stock Exchange Act (SEC) of 1961 supported the Securities and Exchange Commission in regulating the securities market and supervising stock exchange operations. It mandated companies listed on the Nigerian Stock Exchange to comply with accounting standards set by the NASB.

Companies Income Tax Act (CITA) 2004 (as amended): The Companies Income Tax Act (CITA) of 2004 governed taxation practices related to companies' income in Nigeria. It

EDITOR-IN-CHIEF
Prof. R. Rena [South Africa]

mandated companies to comply with specific financial reporting requirements for taxation purposes, ensuring fair and transparent tax assessment and collection.

In summary, these legislative acts played essential roles in establishing regulatory frameworks for financial reporting, taxation, and market operations in Nigeria, ensuring transparency, accountability, and investor protection in the country's business environment.

Ratio Analysis Used in Liquidity Evaluation

A widely used method for assessing financial performance is ratio analysis, which involves examining the mathematical relationships between various figures in a company's financial statements. These ratios provide valuable insights into a company's financial health by highlighting correlations between key metrics. Ratios can be categorized into different types, including profitability, investment, and liquidity ratios. However, for this analysis, we will focus on four essential liquidity measures:

Liquidity Ratio: This ratio evaluates a company's ability to meet its short-term obligations using its current assets. It helps assess the company's liquidity position by comparing its current assets to its current liabilities.

Non-performing Loan Ratio: This ratio measures the percentage of loans that are not generating income for the company due to default or non-payment by borrowers. It indicates the quality of a company's loan portfolio and its ability to manage credit risk.

Cost to Income Ratio: This ratio assesses the efficiency of a company's operations by comparing its operating expenses to its operating income. A lower ratio indicates better cost management and operational efficiency.

Loan to Deposit Ratio: This ratio measures the proportion of a bank's loans to its total deposits. It helps evaluate a bank's liquidity risk and its ability to manage its loan portfolio in relation to its deposit base.

These liquidity measures play a critical role in assessing a company's financial stability and its ability to meet its short-term obligations. By analyzing these ratios, investors and stakeholders can gain valuable insights into a company's financial position and make informed decisions.

Conceptual Model

Analyzing the impact of IFRS on the liquidity of listed Deposit Money Banks (DMBs) in Nigeria involves assessing key performance indicators such as Liquidity Ratio, Non-Performing Loan Ratio, Cost to Income Ratio, and Loan to Deposit Ratio. Understanding how these indicators are affected by the adoption of IFRS provides valuable insights into the transition's effectiveness and its implications for the banking sector. While global

studies have examined the impact of IFRS adoption, focusing on the Nigerian context is crucial due to its unique regulatory framework and banking environment. This conceptual review aims to synthesize existing theories, concepts, and frameworks related to the influence of IFRS on the liquidity of listed DMBs in Nigeria, shedding light on potential research avenues.

The review aims to elucidate both the potential benefits and challenges associated with IFRS adoption in Nigeria's banking sector, offering valuable insights for policymakers, regulators, and market participants. Understanding how IFRS affects the liquidity of listed DMBs is essential for promoting transparent financial reporting, enhancing investor confidence, and fostering sustainable growth in the banking industry.

The study categorizes variables into dependent and independent categories. Liquidity (Lr) represents the dependent variable, while the independent variable relates to IFRS disclosure requirements based on specific standards such as IAS 1, IAS 2, IAS 12, and IAS 33, particularly focusing on Market Value Per Share (IFRSrMVPS). These variables are conceptually analyzed to provide a comprehensive understanding of their relationship, as illustrated in Figure 1.

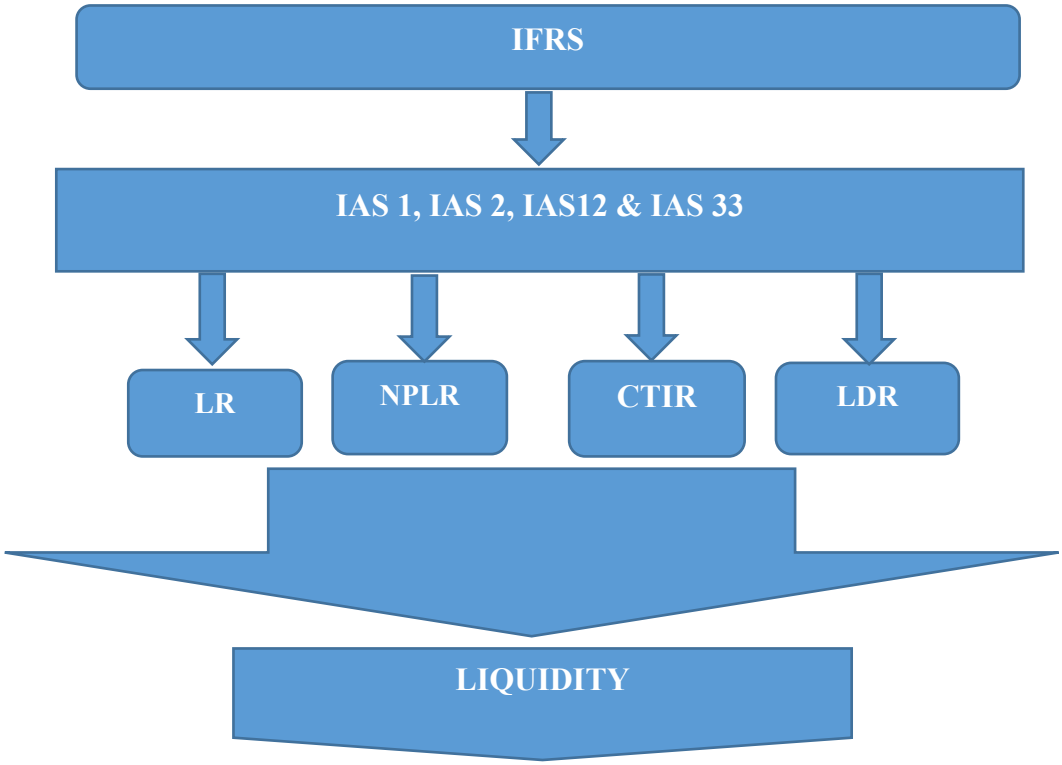


Figure 1: The Conceptual Model.
Source: Author's Conceptual Model (2025)

Theoretical Review

The theories under consideration are Stewardship theory, Agency theory, and Signaling theory. For this study's objectives, the Agency theory and Signaling theory will be employed.

Stewardship Theory

The stewardship theory proposes an alternative approach to management, portraying managers as trustworthy stewards acting in the best interests of owners. Stewards are driven by ethical decision-making aligned with organizational objectives, with the belief that firm success benefits them ultimately. Their foremost responsibility is to safeguard and enhance shareholders' wealth, thereby optimizing their own "utility functions" (Aggreh et al., 2018). This theory holds implications for corporate governance, organizational structure, and managerial practices, advocating for systems and mechanisms fostering transparency, accountability, and alignment of interests between owners and managers. These may entail robust monitoring and control systems, performance evaluation mechanisms, and incentives promoting long-term value generation. Despite its insights, it's important to note that not all managers may embody stewardship behavior, as factors like conflicting interests, agency issues, and external pressures can influence managerial conduct, necessitating additional governance measures for effective stewardship.

Agency Theory

Agency theory addresses conflicts that may arise between agents and principals (Jensen & Meckling, 1976). In this relationship, the agent (manager) acts on behalf of the principal(s), who grant the agent some decision-making authority. Despite both parties being utility maximizers, they have divergent objectives, with the agent seeking personal gain while the principal(s) aim to maximize the company's net present value. This misalignment can lead to information withholding by the agent, creating transparency issues (Ezelibe et al., 2018). This relationship results in information asymmetry, with managers tasked with financial reporting to shareholders, whom they owe fiduciary duties. The adoption of IFRS is pertinent as it could mitigate this asymmetry, impacting shareholders' wealth (Haruna & Emanuel, 2018). Clear communication, trust-building, and mutual goal-setting are crucial in reducing agency costs and improving organizational performance, as emphasized by the theory. However, it's essential to acknowledge that agency theory assumes rational, self-interested behavior, which may not always align with real-world complexities and motivations. Therefore, its application should consider human behavior nuances and contextual factors shaping the principal-agent dynamic.

EDITOR-IN-CHIEF
Prof. R. Rena [South Africa]

Signaling Theory

Signaling theory explores how individuals act when there's an information gap between parties. In this scenario, the communicator decides how to convey information to the receiver, who interprets it. This theory is increasingly relevant in management literature, emphasizing the role of information in organizational competitiveness. Managers often use accounting data to communicate expectations to investors, who rely on this data to make decisions. Even if a company's financials are weak, managers may signal anticipated high future growth through public statements to maintain investor confidence. The adoption of IFRS offers businesses in developing nations the chance to use high-quality accounting standards in their financial reporting. According to signaling theory, some firms may use IFRS adoption to send appropriate signals to stakeholders, while others may send misleading ones.

Emaka et al. (2017) found that some businesses adopt IFRS in name only, while others aim to enhance transparency in financial reporting. They observed differing financial outcomes between companies labeled as 'label' and 'serious' adopters post-IFRS adoption. While initially devised for labor market behavior, signaling theory is broadly applicable wherever there's an information gap. The theory suggests that companies with more information tend to signal more to the market, reducing information asymmetry. It predicts that healthy, profitable companies are likely to disclose more information to justify their profits and signal their strong financial position to investors. Adebisi et al. (2017) proposed that increased information disclosure by a firm is linked to the use of reputable auditors, aligning with signaling theory's principles.

This study connects signaling theory and agency theory due to their shared focus on voluntary disclosure determinants. Upon examination, they exhibit a logical relationship, consistent rather than competing, given their considerable overlap. Both theories assume rational behavior, with monitoring costs in agency theory implying information asymmetry in signaling theory. Moreover, bonding devices in agency theory entail implicit signaling costs, while agency theory variables define the quality concept in signaling theory. Therefore, this study adopts both agency theory and signaling theory as a theoretical framework to explore the liquidity of deposit money banks following the implementation of IFRS in Nigeria's banking sector.

Empirical Review

Hossain et al., (2015) examined the adoption of IFRS in Bangladesh, suggesting its potential to enhance financial information standards, attract foreign investment, reduce capital costs, and facilitate international market access for organizations. Outa et al. (2017) studied 520 Kenyan businesses, finding that updated IFRS led to more relevant

EDITOR-IN-CHIEF
Prof. R. Rena [South Africa]

accounting data linked to business value. Umoren and Enang (2015) explored IFRS impact on Nigerian banks' financial statements, noting a decrease in book value per share but an increase in profit per share post-adoption.

Akinbode and Omoba (2023) conducted a study on how IFRS disclosure impacts the financial performance of Deposit Money Banks (DMBs) in Nigeria post-adoption. Their research aimed to assess the influence of IFRS disclosure on DMBs' profitability, liquidity, and investment ratios in Nigeria, along with its overall effect on their financial performance. The findings revealed that various aspects of financial performance—profitability, liquidity, and investments—were significant independent predictors of IFRS disclosures. The study concluded that IFRS disclosures notably affect DMBs' profitability, liquidity, and investment activities in Nigeria, indicating a substantial influence on the financial performance of DMBs in the country.

In 2021, Ogundeyi et al., conducted a study to determine the impact of IFRS implementation on the corporate performance of a specific group of banks listed in Nigeria. Their research analyzed performance metrics both before and after the adoption of IFRS. Similarly, Dzugwahi and Kighir (2018) conducted a study to examine how the introduction of IFRS impacted the wealth of shareholders in Nigerian deposit money institutions. They analyzed financial statements from Nigeria-listed Deposit Money Banks for the years 2008 to 2015, using a longitudinal research approach. Their data analysis involved multiple regression analysis models, multivariate analysis of variance, and multivariate analysis of covariance. The study found that the dividend per share (DPS) variable, used to assess shareholder wealth in Nigeria's DMBs, was significantly affected by the introduction of IFRS. However, the influence on the return on equity (ROE) variable was not substantial until the impact of inflation was considered. Even after adjusting for inflation effects, there was no evidence supporting a link between the introduction of IFRS and changes in earnings per share and market value per share (MVPS) over the same time period. These findings illustrate the significant influence of adopting IFRS on shareholders' value in Nigeria's Deposit Money Banks (DMBs).

In 2023, Akinbode et al., assessed the impact of IFRS disclosure on the profitability of Deposit Money Banks (DMBs) in Nigeria following its adoption. They selected ten out of the fifteen quoted banks in Nigeria and analyzed their financial statements from 2015 to 2019. Using panel data analysis, they evaluated the statistical significance of IFRS disclosures on the financial performance of these banks. The results indicated that profitability ratios, including Gross Profit Margin, Return on Asset, Net Profit Margin, and Return on Capital Employed, were significant independent predictors of IFRS disclosures. As a result, the null hypotheses were rejected. The study revealed that the adoption of IFRS disclosures was not random, as evidenced by coefficient values and probability

values. This suggests that an increase in Gross Profit Margin, Return on Asset, Net Profit Margin, and Return on Capital Employed leads to enhanced profitability in Nigerian Deposit Money Banks. The evidence from the study indicates that IFRS disclosures significantly affect the profitability of DMBs in Nigeria at a significance level of 5%. Therefore, the study concludes that the adoption of IFRS disclosures has a considerable impact on the profitability of DMBs in Nigeria.

Abata and Sulaimon (2020) conducted research to examine how the introduction of IFRS would impact the financial performance of Deposit Money Banks (DMBs). Their study analyzed financial statements from selected DMBs for the years 2007 to 2017, evaluating 10 disclosure elements based on an IFRS checklist. They employed both Bland-Altman Analysis (BAA) and ANOVA (Analysis of Variance) for data analysis. The results indicated no significant difference in assessing banks' profit after tax using GAAP and IFRS, as all acquired parameters failed to provide statistically significant results at a 5% significance level. Comparison of banks' return on assets under GAAP and IFRS revealed no appreciable differences. However, a notable disparity was observed in how IFRS and GAAP assess banks' total assets. The researchers concluded that while the introduction of IFRS significantly influenced the measurement of total assets, its impact on profit before taxes and return on assets was minimal.

Taibat and Adikwu (2018) also performed research to investigate how the Loan Loss Provisions (LLPs) valuation influenced profits and capital management during the post- and pre- IFRS implementation. This research utilized an ex-post facto research approach using secondary data that was taken from fifteen (15) DMBs' annual reports and accounts for ten (10) years, from 2006 to 2016. The results of multiple regression analysis showed an impressively favorable link between earnings management and LLPs throughout both post- and pre-IFRS implementation eras. Additionally, it was discovered that there is favorable but not statistically significant association between capital management and Loan Loss Provisions (LLPs) before as well as after the introduction of IFRS.

In a study by Sanyaolu et al., in 2017, the effects of IFRS implementation on Nigerian listed banks' earnings per share (EPS) and earning yield (EY) were examined. Using panel ordinary least squares analysis, the research investigated how the profitability of 15 banks listed on the Nigerian Stock Exchange was influenced by IFRS adoption from 2009 to 2014. The study revealed a positive and significant correlation between IFRS adoption and both earnings yield (EY) and earnings per share (EPS) of the listed banks. These findings suggested that IFRS introduction improved stakeholders' ability to deliberate, attracting increased foreign investment and bolstering investor confidence, thereby fostering economic growth. Similarly, in 2017, Eriki et al. assessed the impact of IFRS introduction on the major financial ratios of 11 Nigerian listed banks. Using the Mann Whitney U-Test,

the study compared essential financial ratios computed under NGAAP for 2009-2011 with those calculated under IFRS for 2013-2015. The results indicated a significant impact of IFRS on the financial ratio performance of deposit money banks listed in Nigeria.

Another study conducted by Omaliko et al., in 2017 examined the influence of International Financial Reporting Standards (IFRS) on the performance of deposit money banks. Utilizing a pooled data Wilcoxon model for analysis, the research demonstrated that the implementation of IFRS had a positive impact on specific measures within the financial statements of deposit money banks, notably on aspects related to profitability and growth prospects.

The diverse outcomes from studies on IFRS disclosures and DMBs' performance in Nigeria imply that the impact of IFRS disclosures can vary depending on several factors. These factors might encompass the specific nature of the IFRS disclosures, the duration over which they are disclosed, and the economic context in which they are disclosed. Further research is necessary to fully grasp the specific variables that influence how IFRS disclosures impact DMBs' performance in Nigeria. Such research could help identify the precise disclosures that are most likely to enhance DMB performance and the conditions under which they are likely to be advantageous.

METHODOLOGY

Research Design

The study utilized an ex-post facto descriptive research approach to explore the correlation between the implementation of IFRS and the liquidity of deposit money banks in Nigeria. This investigation spanned a five-year post-adoption period (2015 to 2019), focusing on ten deposit money banks listed on the Nigerian Stock Exchange (NSE) that fully embraced IFRS disclosures. Secondary data were collected from the official websites of these banks, comprising Access Bank Plc, Stanbic IBTC, Fidelity Bank Plc, Guaranty Trust Bank Plc, Polaris Bank Plc, Sterling Bank Plc, UBA Plc, Union Bank Nigeria Plc, Unity Bank Plc, and Wema Bank Plc. These banks were selected based on the availability of comprehensive data following the adoption of IFRS.

The financial statements of these ten banks from 2015 to 2019 were examined for analysis. Post-estimation examinations, such as the limited f-test and Wilcoxon Signed Ranks test, were employed. Panel data analysis techniques including fixed effect analysis, pooled OLS analysis, and random effect analysis were utilized. The choice of analytical methods focused on their objectivity and inability to allow data manipulation. These methods were deemed most suitable for evaluating the variations before and after the impact of IFRS adoption, particularly in cases where data distribution was not uniform. The Wilcoxon

EDITOR-IN-CHIEF
Prof. R. Rena [South Africa]

Signed Ranks test was particularly beneficial for appraising the implications of IFRS adoption without relying on the assumption of normal data distribution

Methods of Data Analysis

In this study, the statistical analysis used to analyze the data gathered is the descriptive statistics. This study utilized a descriptive financial ratio analysis as the accounting method and Ordinary Least Square Regression to measure and analyzes the liquidity of Nigeria banks. Accounting figures were extracted manually from the selected banks financial statements. These figures were used to compute liquidity ratios. The liquidity ratios (Liquidity Ratio, Non-Performing Loan Ratio, Cost to Income Ratio, and Loan to Deposit Ratio) shed light on the banks' capacity for making money and allow for the evaluation of their liquidity. These ratios were calculated based on the extracted accounting figures to provide a comprehensive analysis of the sample banks' liquidity capabilities. The study also used post estimation tests like the Hausman test along with panel data analysis (time series and cross sectional), including fixed effect analysis, pooled OLS analysis, and random effect analysis.

Variables Specification

The variables used for this study are divided into independent and dependent variables. Dependent variable is liquidity represented by Liquidity Ratio, Non-Performing Loan Ratio, Cost to Income Ratio, and Loan to Deposit Ratio of the firm while the independent variable is IFRS disclosure requirements by IAS 1, IAS2, IAS12 and IAS 33 on Market value Per Share.

Lr = POST IFRS

$Lr = \beta o + \beta 1\Sigma\ POST\text{-}IFRS + e$ ..... *(i)*

$IFRSr\ MVPSit = \beta oit + \beta 1\Sigma LRit + \beta 2\Sigma NPLRit + \beta 2\Sigma CTIRit + \beta 2\Sigma LDRit + e$ ..... *(ii)*

Where
Lr = Liquidity
MVPS= Market value Per Share
IFRSr = Periods after International Financial Reporting Standards (IFRS) adoption
LR = Liquidity Ratio
NPLR = Non-Performing Loan Ratio
CTIR = Cost to Income Ratio
LDR = Loan to Deposit Ratio

EDITOR-IN-CHIEF
Prof. R. Rena [South Africa]

Table 3: Measurement of the variables and source

S/n	Variable	Measurement	Source
1	Market value per share (MVPS)	Calculated as the closing price of the stock on the last trading day of the period divided by the number of shares outstanding.	Nigeria stock exchange website
2	Liquidity ratio (LR)	Current assets divided by current liabilities.	Financial statements
3	Non-performing loan ratio (NPLR)	Non -performing loans divided by gross loans.	Financial statements
4	Cost-to-income ratio (CTIR)	Non -interest expenses divided by net interest income.	Financial statements
5	Loan-to-deposit ratio (LDR)	Loans and advances divided by customer deposits.	Financial statements

RESULT AND DISCUSSION

This centers on the panel data regression analysis carried out to investigate the link between IFRS disclosure and the liquidity of deposit money banks in Nigeria during a span of five years (2015 to 2019).

Table 4: Disclosure Checklist for Relevant IFRS (2015-2019)

BANKS	IAS 1	IAS 2	IAS 12	IAS 33
GTB	✓	✓	✓	✓
Stanbic IBTC	✓	✓	✓	✓
UBA	✓	✓	✓	✓
Wema bank	✓	✓	✓	✓
Access bank	✓	✓	✓	✓
First bank	✓	✓	✓	✓
Sterling bank	✓	✓	✓	✓
Fidelity bank	✓	✓	✓	✓
Union bank	✓	✓	✓	✓
Unity bank	✓	✓	✓	✓

Source: Researcher's computation (2025)

Sampled Banks and Their Financial Information:

Table 2.3 provides the financial information of the ten (10) sampled banks over a period of five (5) years i.e 2015-2019. The information is provided based on the liquidity ratios of

the banks over the relevant periods and they are computed using the banks financial reports. The data gathered are, LR- Liquidity Ratio, NPLR- Non Performing Loan Ratio, CTIR- Cost to income Ratio, and LDR- Loan to Deposit Ratio.

Descriptive Statistics

Table 5: Descriptive Statistics

	MEAN	STD. DEV	MIN	MAX
SHARE PRICE	9.376	11.20958	5.2	47.95
NPLR	9.3858	14.5486	0	98
LR	47.4758	19.29185	26.25	115.4
CTIR	70.3374	32.61825	0	239.38
LDR	66.0048	17.23783	3.55	104.93

Source: Researcher's computation (2025)

All the variables acquired from the sampled listed deposit money banks in Nigeria are summarized statistically in Table 2.3. Mean is the average value of the variable across all observations, Standard Deviation is a measure of how spread out the variable is from the mean. A higher standard deviation means that the variable has more variability across the observation. The variable's minimum value across all observations is referred to as the minimum. The highest value across all observations for the variable is termed as the Maximum. The mean share price amounts to 9.376, having a standard deviation of 11.20958. The lowest share price recorded is 5.2, while the highest reaches 47.95. The average gross profit margin stands at 62.9146%, demonstrating a standard deviation of 18.3605. The average non-performing loan ratio is 9.3858%, with a standard deviation of 14.5486. The minimum non-performing loan ratio is 0% and the maximum is 98%. The average liquidity ratio is 47.4758%, with a standard deviation of 19.29185. The minimum liquidity ratio is 26.25% and the maximum is 115.4%. The average cash to interest ratio is 70.3374, with a standard deviation of 32.61825. The minimum cash to interest ratio is 0 and the maximum is 239.38. The average loan to deposit ratio is 66.0048%, with a standard deviation of 17.23783. The minimum loan to deposit ratio is 3.55% and the maximum is 104.93%.

Analysis of Hypothesis

IFRS disclosure has no significant impact on the liquidity ratios of deposit money banks in Nigeria.

$IFRSr\ MVPSit = \beta oit + \beta 1\Sigma LRit + \beta 2\Sigma NPLRit + \beta 2\Sigma CTIRit + \beta 2\Sigma LDRit + e$

Table 6: Estimation Results

Estimation Techniques	Random-effects GLS Regression			
DEPENDENT VARIABLE: SHAREPRICE	Coeff.	Std. Err	T-Stat	Prob
CONSTANT	-.239124	7.294501	-0.03	0.974
LR	.326462	.0592427	5.51	0.000
NPLR	.0379326	.0699508	0.54	0.588
CTIR	-.0212792	.0345448	-0.62	0.538
LDR	-.0718618	.0690593	-1.04	0.298
ADJUSTED R^2	0.6374			
F-STAT/WALD STAT	$Chi^2_{(4)}$ = 35.43 (0.00)			
HAUSMAN TEST	$Chi^2_{(4)}$ = 3.69 (0.4493)			
TESTPARM/LM TEST	$Chi^2_{(1)}$ = 25.00 (0.0000)			

Source: Researcher's computation (2025)

Note: All the analysis were tested at Significant level of 5%

The Hausman test was executed to determine the most suitable method for estimating regression Model Two among pooled OLS, fixed effects, and random effects, as displayed in Table 4.6. With a p-value of 0.4493, surpassing the study's 5 percent significance level, it was evident that fixed effects weren't the best estimator. Despite the inconclusive result, a "testparm" test verified fixed effects' unsuitability, favoring it as the optimal model over Pooled OLS regression, with a p-value of 0.000, below the 5% significance level. The Breusch-Pagan/Cook-Weisberg test revealed heteroskedasticity, indicated by a p-value of 0.000, suggesting that model residuals vary over time. Similarly, a Wooldridge test for serial correlation yielded a p-value of 0.00, implying the presence of correlation among the residuals. Conclusively, diagnostic tests uncovered issues of serial correlation and heteroskedasticity, rendering the fixed effect model inappropriate. Consequently, the effect of IFRS disclosure on Nigerian Deposit Money Banks' liquidity ratios was estimated using pooled regression with cluster standard errors.

In Table 2.4, regression estimates elucidated IFRS disclosure's impact on Nigerian Deposit Money Banks' liquidity. LR (liquidity Ratio) exhibited a significant positive effect on the market price per share (= 0.3264, p = 0.00), suggesting a 32.64 percent rise with increased liquidity ratio. Non-Performing Loan Ratio (NPLR) showed an insignificant positive effect (β = 0.3793, p = 0.588), while Cost to Income Ratio (CITR) had a negligible negative impact (β = -0.0212, p = 0.538). Conversely, Loan to Deposit Ratio (LDR) had a significantly negative impact (= -0.0718, p = 0.30), indicating a decrease in market price per share with increased LDR. Overall, liquidity ratio and non-performing loan ratio positively impacted

EDITOR-IN-CHIEF
Prof. R. Rena [South Africa]

the market price per share, while cost to income ratio (CITR) had a negligible negative impact, and loan to deposit ratio (LDR) had a significantly negative impact.

The F-statistic yielded a probability value of 0.00, indicating a substantial influence of all independent variable proxies on Nigerian Deposit Money Banks' market price per share. The coefficient of multiple determination (R-squared) was 0.3543, signifying that the independent variable proxies explain 35.43% of the market price per share changes, with the remainder attributed to external factors. Rejecting the null hypothesis affirmed that IFRS disclosure significantly impacts Nigerian Deposit Money Banks' liquidity, achieving the study's objectives and addressing the research question.

Conclusion

This study aimed to evaluate the liquidity of Nigerian deposit money banks following the adoption of IFRS and its disclosure. It utilized key liquidity measures—Liquidity Ratio (LR), Non-Performing Loan Ratio (NPLR), Cost to Income Ratio (CTIR), and Loan to Deposit Ratio (LDR)—as indicators to assess the impact of IFRS disclosures. Panel data analysis, including pooled OLS, random effect, and fixed effect analysis, along with post-estimation tests like the Hausman test, were conducted to validate the findings.

The research revealed that liquidity measures significantly predicted IFRS disclosures. Specifically, Liquidity Ratio and Non-Performing Loan Ratio showed positive coefficients and significant effects on the Market price per share of Nigerian deposit money banks, while Cost to Income Ratio had an insignificant negative influence, and Loan to Deposit Ratio had a significant negative influence. In summary, the evidence suggests that IFRS disclosures significantly influence the Liquidity Ratio, Non-Performing Loan Ratio, Cost to Income Ratio, and Loan to Deposit Ratio of Deposit Money Banks in Nigeria. Therefore, the study concludes that the adoption of IFRS disclosures substantially impacts the liquidity of DMBs in Nigeria, rejecting the null hypothesis.

The research objectives, questions, and hypotheses have been addressed and tested, indicating a positive and significant relationship between IFRS disclosure and the liquidity ratios of Deposit Money Banks in Nigeria. Ultimately, the implementation of IFRS disclosures significantly affects liquidity ratios and non-performing loan ratios but demonstrates minimal effects on the cost to income ratio and loan to deposit ratio of Nigeria's deposit money banks.

Recommendations

In Nigeria, there's a pressing demand for a substantial number of certified Accountants and Auditors proficient in IFRS to ensure its accurate application. However, the country currently lacks an adequate number of certified professionals in this area. To address this

EDITOR-IN-CHIEF
Prof. R. Rena [South Africa]

gap, the Institute of Chartered Accountants of Nigeria should intensify efforts in organizing IFRS training programs for its members and other stakeholders involved in corporate reporting.

Regulatory authorities in Nigeria must initiate well-informed campaigns to educate stakeholders about the potential impacts of implementing IFRS. Banks should seize the opportunity presented by IFRS adoption to enhance their transaction processes and procedures, thereby maximizing its benefits.

Integration of IFRS into the curricula of tertiary institutions and accounting institutes is essential to provide comprehensive educational training and retraining for both students and professionals in Nigeria. Continuing professional development programs should also incorporate IFRS education.

Deposit money institutions in Nigeria should fully implement IFRS to leverage its influence on their performance, with a particular focus on financial ratios due to their significant impact. Regulatory bodies, particularly the Financial Reporting Council of Nigeria, should collaborate with the Central Bank of Nigeria to strengthen monitoring of adoption compliance among all financial institutions in the country to enhance the liquidity of listed Nigerian deposit money banks.

Contributions to Knowledge

Investors and Shareholders: The study's findings enlighten investors on the significant impact of IFRS disclosure on the liquidity of quoted deposit money banks in Nigeria. This knowledge equips investors to make informed decisions when evaluating financial data of Nigerian deposit money banks for portfolio management and other investment considerations.

Accounting Profession: The varied results from each model unit are crucial for evolving the financial implications and analytical advisory capacity of accountants, stockbrokers, and economic analysts. It informs financial consultants, analysts, and professional accountants in making sound decisions based on the response of each sampled proxy deposit money bank.

Financial and Business Analysts: Financial and business analysts benefit from this study by gaining insights to make more informed and predictive business and investment decisions for their clients.

Researchers: The findings enable researchers to conclude that different variables may react differently in various situations, yielding diverse outcomes.

Risk Assessment: This study advances risk assessment in the context of deposit money banks in Nigeria by examining the intricate relationship between specific disclosure

EDITOR-IN-CHIEF
Prof. R. Rena [South Africa]

elements and key financial metrics. It sheds light on how these elements influence the risk profile of deposit money banks.

The widespread diversity in corporate reporting languages across nations complicates financial statement analysis and raises associated costs. However, as more nations adopt IFRS, it will reduce information disparities among stakeholders involved in financial reporting, thus mitigating the impact of financial accounting issues on company decision-making.

Overall, this study contributes not only to academic understanding but also provides practical insights for policymakers, regulators, and financial institutions in Nigeria. The positive correlations identified underscore the importance of transparent financial reporting for banks, fostering a healthier and more resilient financial sector.

Suggestions for Further Studies

The study highlights the significant impact of IFRS disclosure on the liquidity of Nigerian deposit money banks, suggesting avenues for further research. Researchers could explore comparative studies across sectors of the Nigerian Exchange Group (NGX), extending the findings to other sectors like insurance and construction within the capital market.

Future studies could delve into the specific effects of distinct IFRS disclosure requirements on DMBs' financial performance. For instance, investigations could focus on the influence of disclosures related to fair value measurement, impairment of assets, or related party transactions. This approach would offer a more detailed understanding of how IFRS disclosures shape financial performance in Nigeria's banking sector.

Researchers may also examine how IFRS adoption impacts DMBs' capital structure decisions and risk management strategies, and subsequently, their financial performance. Another area of interest could be analyzing the relationship between IFRS adoption and loan portfolio quality, such as credit risk among DMBs in Nigeria. Additionally, conducting surveys and interviews with DMBs' management teams could provide insights into their perspectives on IFRS adoption and the implementation challenges they encounter.

Limitations of the Study

This study primarily focuses on the advantages and disadvantages of adopting IFRS for financial statement preparation, along with certain limitations. These limitations include:
Sample Size and Representation: The study's sample size might be limited, potentially restricting the generalizability of findings to the entire population of Deposit Money Banks (DMBs) in Nigeria.

Accounting Practices and Interpretation: DMBs may interpret and apply IFRS differently, leading to variations in accounting practices and interpretations. This diversity could affect the comparability of financial statements and the outcomes of the study.

Regulatory Changes and Reporting Standards: Regulatory changes and updates to reporting standards over time could impact profitability. Such changes may not be fully considered in the study, potentially affecting the accuracy of the results.

In essence, while this research offers valuable insights into the correlation between IFRS disclosure, liquidity, and DMBs in Nigeria, it's essential to interpret the findings cautiously due to these limitations. Additionally, these constraints highlight the need for future research to address these issues and further advance understanding in this area.

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