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INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND FINANCIAL PERFORMANCE OF SELECTED MONEY DEPOSIT BANKS IN NIGERIA

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ABSTRACT

This study examined International Financial Reporting Standards (IFRS) and financial performance of selected money deposit banks in Nigeria. Specifically, the study analyzed the effect of adoption of IFRS on profit after tax (PAT), return on asset (ROA) and return on equity (ROE) of 10 randomly deposit money banks over the period of 14 years covering Pre-IFRS and IFRS era. Data used for the study were collected from the financial statements of the selected banks. Panel estimation techniques including pooled OLS, fixed effect and random effect estimation were employed, after which the most consistent and efficient estimation result was evaluated using restricted F-test and Hausman test. Result showed that adoption of international financial reporting standards has positive effect on all the measures of performance, starting from profit after tax, return on asset and return on equity with reported coefficient estimate of 24.8241 ($p < 0.05$) for PAT model; 3.566556 ($p > 0.05$) for ROA model and 232.5723 ($p > 0.05$) for ROE model respectively. This study established that adoption of international financial reporting standard explain a notable percentage of systematic variation in the performance of deposit money banks especially when measured in terms of profit after tax, and concluded that adoption of international best practices of reporting (IFRS) promoted improved performance of firms in Nigeria banking industry view *from the perspectives of profitability as well as return on investment of asset and equity. Hence, regulatory authorities in Nigeria banking industries should devise a mechanism for evaluation consistency of deposit money banks as torching adherence to international standards of reporting. Management and auditors of accounting report need to work together at tightening compliance to ensure better performance impact of IFRS adoption. Also, Financial Reporting Council of Nigeria should further harmonize their operation in the bit to sustain proper check and balances needed to ensure coherence in the regulatory framework necessary for proper adoption of IFRS in the country*

Keyword: *International Financial Reporting Standards (IFRS); deposit money banks (DMB); financial performance; Nigeria.*

JEL Classification: G21

1.0 INTRODUCTION

International Financial Reporting Standards (IFRS) is an effective tool for accounting and financial reports consideration amidst organizations, investors, financial analysts, regulators, auditors, shareholders and creditors. It enables each stakeholder to access the performance and value of an organization through proper evaluation of financial ratio and helps to respond positively to the continuous increase in globalization of capital market and international trade as a whole (Eriki, Modebe, Okoye & Erin, 2017). International Financial Reporting Standard enhances reduction in the cost of capital and includes increase in market liquidity and equity value of an organization which facilitates positive effect of firm size on profitability. Also, there is an avenue for presenting comprehensive information that nullifies information asymmetry or disparity in financial report between organization and users of financial statement such as shareholders, investors, creditors, auditors as well as financial analyst. In addition, International Standard ensures the use of common language which promotes comparability of accounting reports across different nations as well as and globally promotes the quality, usefulness and reliability of financial reports (Financial Accounting Standards Board, 2008; Ogundele, 2017; Anthony and Okoro, 2018). It encourages the convergence of a nation’s accounting standard to international standard and promotes uniformity in the financial reports which facilitates the capacity of stakeholders in making both national and international finance and investment decision without difficulty (Shehu, 2015).

Prior to International Financial Recording Standard, different countries operate different Generally Accepted Accounting Principles in relation to economic and financial policy operative in their respective economy. Specifically, Statement of Accounting Standard (SAS) was formed by the Nigerian Accounting Standard Board for the purpose of developing and issuing local accounting standard (Kenneth 2012). However, the difference between the local standard and international standard makes accessibility and analysis of foreign stock and debt difficult for investors and financial analysis. Also, organizations with multinational features find it difficult to prepare different forms of financial statement for their subsidiaries outside the headquarter country (Mande, 2014). In addition, the need for proper accountability and transparency is on high demand in organizations. Fraudulent practices such as false reporting, irregular transaction and asset embezzlement become rampant in organization. There are loopholes in the local standard which enables the local accountants and investors to hide their fraudulent practice on the global level since their local standard are not easily understood in the global level. Foreign analysts faced difficulty in analyzing such financial statement for foreign equity and debt financing decision. These practices have overtime reduced the confidence and trust of investors and other user of financial statement in financial reporting (Ugbede, Mohd & Ahmad, 2014). Therefore, it becomes very important for the nation to address issues that can attract and encourage investors. Thus, Nigerian Accounting Standard Board was later renamed as Financial reporting Council for the purpose of overseeing the adoption and implementation of International Financial Reporting Standard.

Organizations and stakeholders expect the International Financial Reporting Standard to a reliable tool for protecting and improving their interest in investment and any other financial decision. Relative to local standard, international standard is capable of decreasing the cost of capital and enhance international capital mobility, efficiency of capital allocation and capital market development (Abolaji & Adeolu, 2015). Also, it should enable organizations to arrive at a standard financial ratio in terms of liquidity, leverage and profitability, among others, for international comparison. Through improvement in liquidity, leverage, profitability and solvency IFRS can help to enhance the survival status of an organization (Yinusa, Oyindamola & Obidu, 2019). In addition, this financial standard is expected to have positive influence on the performance measures such as return on asset, return on equality, and asset management (Leonard, Ulumma, & Edith, 2018). Furthermore, IFRS should be able to improve the shareholders wealth through proper accountability that reflects in dividend per share, earning per share. It should be able to promote proper record keeping, transparency, uniformity, comparability and public confidence in financial reporting. This stems from the fact that adoption of IFRS would promote consistency, accountability and transparency which in turn will results into adequate financial reporting practice and proper dissemination of accounting information that is of high value to stakeholders (Matthew, 2015). With more reliable and credible financial statement, the propensity to attract direct investment will increases as the firms risk profile would be known and predictable.

Notably, in Nigeria reform introduced by the Apex bank in the year 2005 was objectively targeted at the recreation of a banking system that is strong, competitive and reliable (Eriki, Modebe, Okoye & Erin, 2017). These reforms focused largely at establishing operational system that can boost the confidence of depositors, investors as well as other stakeholders. However, financial information dissemination among Nigerian banks is considered relatively weak and unreliable compared to other developed and developing nations of the world. Notable the statue-quo over time has been a concurrent compliant by investors that financial information on company performance is either unavailable or, if provided, lacks reliability (Shehu,2011). Nigerian banking industry settings in terms of accounting standards, institutional structure, and corporate governance are expected to be in line with international best practices for effectiveness and efficiency of operational which will result into improved performance however revise is the case in the country. Following the adoption of international financial information standard in 2012 it was expected that operational performance of most Nigerian banks will match up to that of the advance world, however in reality that has not been the case so far. As pointed out by Nkechi & Peters, (2019) many banks failed to take advantage of the IFRS adoption to improve operational performance due to their inability to present adequate and sufficient information in their financial statements, thus most banks are characterized by deficient financial reportage, operational misappropriation, under capitalization and feeble corporate governance that obstruct their execution and makes it hard to identify issues effectively (Nkechi & Peters, 2019). As a result, many of these banks could not raise capital from international capital market as foreign investors as well as their local counterparts do not have confidence in the operational performance.

Quite a number of empirical studies have been conducted on the subject matter of International Financial Reporting Standard (IFRS) as it relate to performance, efficiency and/or earning quality of money deposit banks in Nigeria. few of these studies include (Shehu, 2015; Anthony and Cyprian, 2018; Nwaubani & Okoro 2019) on the effect of IFRS on financial performance (Omakoli, Uzodima & Okpala, 2017; Nkechi, 2019, Unachukwu, 2019; Meshack, Charles, Amanda and Mercy 2018, Akinleye, 2016; Ibanichuka & Asukwo, 2018; Ofoegbu & Odoemelam, 2018; Ajibade, Nyikyaa & Nyikyaa 2017) on the impact of IFRS adoption on financial reporting practices; (Yahaya, Onyabo & Usman 2015) on the effect of mandatory adoption of IFRS on earning prediction (Godwin, Lilian and Gospel, 2019). However, these studies provided different discoveries on the effect of IFRS on performance of firms in Nigeria. While some of these studies discovered significant effect of IFRS (Yahaya, Onyabo & Usman 2015, Eriki, Modebe, Okoye & Erin, 2017, Shehu, 2015, Unachukwu, 2019; Matthew, 2015), other acclaim that adoption of IFRS has no significant effect on firms performance (Nwaubani & Okoro, 2019; Nkechi & Peters, 2019; Atoyebi & Simon, 2018). This study thus examines how IFRS adoption affect performance of selected deposit money banks in the country. Specifically, this study captured performance in three dimensions as measured in terms of profit after tax, return on asset and return on equity, thus the study examined:

i. effect of IFRS adoption on profit after tax of deposit money banks in Nigeria
ii. effect of IFRS adoption on return on asset of deposit money banks in Nigeria
iii. effect of IFRS adoption on return on Equity of deposit money banks in Nigeria

2.0 A Literature Review

2.1. International Financial Reporting Standard

International financial reporting standards (IFRS) is an information system which provides necessary guides for the preparation and presentation of summary of transaction of an entity over a specified period of term, international financial reporting standard. Notably international financial reporting standard among other things was geared towards enhancing the level of transparency that can engender better understanding of information disseminated through financial statement of a firm over time (Izedonmi, 2001). International financial reporting standard was developed by international accounting standard board (IASB) as framework of standard for preparing and publishing public entity’s financial report (Zakari, 2010). As pointed out by Oyedele (2011) International Financial Reporting Standards (IFRSs) unify accounting and financial reporting on a globally scale. International Financial Reporting Standards was objectively designed to improve the comparability of financial statement across nations on the premise of a principle-based set of accounting standard. Accordingly, the main characteristics of IFRS principle-based approach, fair value, comprehensive income, entity consolidation and transparency (Adebayo, 2017)

2.2 Adoption of International Financial Reporting Standards in Nigeria

The Nigeria's Federal Executive Council (FEC) gave approval for the convergence of Nigerian SAS with the IFRS from January 1, 2012. The adoption was organized such that all stakeholders used IFRS by January 2014. According to the IFRS adoption Roadmap Committee (2010), Public Listed Entities and Significant Public Interest Entities are expected to adopt the IFRS by January 2012. All Other Public Interest Entities are expected to mandatorily adopt the IFRS for statutory purposes by January 2013, and Small and Medium-sized Entities (SMEs) shall mandatorily adopt IFRS by January 2014. Nigerian listed entities were required to prepare their closing balances as of December 31, 2010 according to IFRS. The closing figures of December 31, 2010 will become the opening balances as at January 1, 2011 for IFRS based financial statements as at December 31, 2011. The opening balances for January 1, 2012 will be the first IFRS full financial statements prepared in accordance with the provision of IFRS as at December 31, 2012. Shehu (2015) investigated the adoption of international financial reporting standard IFRS and earning quality in listed deposit money banks in Nigeria. Specifically, the study analyzed the effect of leverage, profitability, liquidity, size and growth of banks on earning quality during the pre and post IFRS adoption using data collated over the period 2008-2013 for selected listed money deposit banks in Nigeria. Result from the panel regression estimation technique used in the study revealed that leverage and bank size has negative effect on equity quality while profitability, liquidity and bank growth has positive effect on equity quality during pre-IFRS. The study also discovered that all the variables have positive effect on equity quality during the post-IFRS. Except liquidity, all the variables have significant impact on equity quality during the post-IFRS. The study concluded that firm's attributes including leverage, profitability, liquidity, bank size and bank growth best explain and predict earnings quality of listed deposit money banks in Nigeria after the adoption of IFRS better than before the adoption.

However, a similar study carried out by Anthony and Cyprian (2018) focused on adoption of IFRS and asset quality in the Nigerian banking sector. Specifically, the study investigated the effect of the adoption on asset quality, loan volume, net interest income and profit after tax of deposit money banks listed on the Nigerian Stock Exchange. The study employed data collated for period 2011 and 2012 on 10 deposit money banks in Nigeria. The study analyzed data using paired student t-test. Result showed that IFRS adoption has positive effect on profit after tax and net interest income but negative effect on loan volume and asset quality. Hence it was concluded in the study that IFRS adoption has negative insignificant effect on assets quality of deposit money banks in Nigeria.

Ajibade, Nyikyaa and Nyikyaa (2017) investigated IFRS adoption and bank performance in Nigeria and Canada banks. Specifically, the study analyzed the effect of IFRS adoption on the earnings of five banks in Nigeria and Canada. The study employed data over the period 2006 -2017. The study analyzed data using panel regression analysis. The study revealed significant and positive relationship between IFRS adoption and earnings of banks in Nigeria and Canada. Therefore, the study concluded that FRS adoption has improved the decision-making capability of the various stakeholders, thus, increasing investor confidence. The study suggests that, in order to safeguard the suitable adoption of IFRS in Nigeria and Canada, competent Accountants and Auditors in IFRS are required in large number and that the Institute of Chartered Accountants of Nigeria and Canada must intensify it efforts in organizing IFRS based training programs for its members and other parties connected with corporate reporting.

Similar investigation carried by Omakoli, Uzodima and Okpala (2017) was geared at examining the effect of Financial Reporting Standard Adoption on the financial performance of listed money depositing banks in Nigeria alone, with emphasis on the effect of pre and post IFRS adoption on liquidity, performance growth, return on assets and earning per share. The study employed secondary data collected between the periods 2009-2016 for five listed money deposit banks in Nigeria. Student t-test statistics was employed in the study and result showed that there is no statistically difference between the effect of pre and post IFRS adoption on financial ratio measured by liquidity and performance growth while there is statistically difference between the effect of pre and post IFRS adoption on earning per share and return on equity. The study thus concluded that adoption of IFRS has significantly influenced the financial performance of money depositing banks in Nigeria.

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In the context of banking sector also Matthew (2015) investigated the impact of international financial reporting standards adoption on financial reporting practices in the Nigerian banking sector, focusing on the statistical difference between total asset, total liabilities and total equity in the SAS and IFRS regimes. The study made used 2010 financial statement data for five listed banks in Nigeria, using mean and student t-test statistics as method of analysis. Result showed that quantitative differences in the financial reports prepared under NGAAP and IAS/IFRS are statistically significant. Hence the study concluded that IFRS adoption has impacted on financial reporting in the Nigerian Banking sector. Nwaubani and Okoro (2019) investigated the adoption of international financial reporting standard and asset quality in the Nigerian Banking sector. Specifically, the study analyzed the effect of the adoption on asset quality, loan volume, net interest income and profit after tax of deposit money banks listed on the Nigerian Stock Exchange. The study employed 2010 and 2011 data for 10 listed deposit money banks in Nigeria. The study analyzed data using student test. The study found that IFRS adoption results in negative insignificant effect on assets quality, loan volume while indicating positive insignificant effect on net interest income and profit after tax. Therefore, the study concluded that fundamentally the IFRS adoption has no significant effect on assets quality in the Nigerian banking sector.

Akinleye (2016) assessed the effect of international financial reporting standard adoption on the performance of money deposit banks in Nigeria. Specifically, the study examined the effect of liquidity, capital ratio and investment ratio on return on asset and return on equity. The study used IFRS adoption as dummy variable. The study employed data collated over the period 2009-2014 for 10 money deposit banks in Nigeria. The study analyzed data using panel regression. The study showed that financial ratio such as IFRS, liquidity ratio, current ratio and investment ratio exert significant influence on return on asset and return on equity. Therefore, the study concluded that adoption of IFRS exert positive impact on performance of money deposit banks.

Atoyebi and Simon (2018) evaluated the impact of International Financial Reporting Standard adoption on financial reporting practice in the Nigerian banking sector. The study specifically analyzed the the impact of valuation of Loan Loss Provisions (LLPs) on earnings management and capital management during the pre and post-adoption of IFRS for listed deposit money banks in Nigeria. The study adopted data over the period 2006-2016 for 15 listed deposit money bank in Nigeria. The study analyzed data using panel regression analysis. The study found that a significant positive relationship between LLPs and earnings management for both pre and post-IFRS adoption. Furthermore, the study also found a positive insignificant relationship between LLPs and capital management for both pre and post IFRS adoption. Therefore, the study concluded that in the post-IFRS regime there was evidence of accentuated earnings management behavior using LLPs in the sampled Nigerian listed

Yahaya, Onyabo and Usman (2015) investigated international financial reporting standard adoption and the value relevance of accounting information of listed deposit money banks in Nigeria. the study specifically evaluated the effect of IFRS adoption on the price model and return model. The study collated data over the period 2004-2013 for 15 listed banks in Nigeria. the study analyzed data using panel regression analysis. The study revealed that return model also indicates adoption of IFRS improved relevance of accounting numbers in the deposit money banking sector and price model specification is 84% for the total sample and that all coefficients are statistically significant. Therefore, the study concluded that there is an improvement in value relevance of accounting information after IFRS adoption. Unachukwu (2019) investigated the implementation of international financial reporting standard as a tool for the performance of Nigerian insurance companies. Specifically, the study examined the level of implementation of IFRS in Nigerian insurance companies; influence of implementation of IFRS on the performance of insurance companies, and the influence of implementation of IFRS on investment decision making by insurance companies. The study employed data collected from 50 respondents in 29 listed insurance companies. The study analyzed data using frequencies, percentages, mean, Pearson Product Moment Correlation Coefficient and Ordinary Least Squares method of regression analysis. The study found a strong relationship between financial performance and implementation of IFRS; and implementation of IFRS has a significant influence on investment decision making. Therefore, the study concluded that implementation of IFRS is a veritable tool to financial performance of Nigerian insurance companies.

Eriki, Modebe, Okoye and Erin (2017) examined international financial reporting standards adoption and the performance of key financial ratio. The study specifically assessed the significant difference in profitability ratio, short tern solvency ratio, long term solvency ratio and investment ratio during the GAAP and IFRS period. The study employed data over the period 2013-2015 for 11 quoted banks in Nigeria. The study analyzed data using Mann Whitney U-test. The study revealed that Profitability ratios of listed banks under NGAAP differ significantly from those under the IFRS regime; there is statistically significant difference between short-term solvency ratios of quoted banks under NGAAP and IFRS; long-term solvency ratios of quoted banks under NGAAP are significantly different from those under the IFRS regime; and there is significant difference between investment ratios, of listed banks. Therefore, the study concluded that adoption of the International Financial Reporting Standard has significant impact on the performance of financial ratios of quoted deposit money banks in Nigeria.

Moreover, Adesanmi, Sanyaolu, Ajayi and Suyi-Ajayi (2019) assessed International Financial Reporting Standards and earning per share of money deposit banks in Nigeria. Specifically, the study analyzed the effect of IFRS on earning per share. The study used IFRS as dummy variable and included profitability ratio, volume of shareholding and firm size as explanatory variables. The study employed data collected over the period 2007-2016 for 14 listed deposit banks in Nigeria. the study showed that positive and significant relationship between IFRS adoption and market performance of the listed deposit money banks. Therefore, the study concluded that adoption of IFRS will effect positively on the market performance of companies in Nigeria. Thus, the study recommended that all companies in Nigeria should not adopt the international standards but adheres strictly to the requirements of these standards while applying them in the preparation of financial statement.

Ofoegbu and Odoemelam (2018) examined international financial reporting standards disclosure and performance of Nigeria listed companies. Specifically, the study analyzed the examined the association between IFRS overall disclosures and the performance of nonfinancial quoted companies. The study employed data collated over the period of 2012-2017 for 64 sampled companies. The study analyzed data using regression analysis. The study revealed that share price, size, and audit firm size significantly and positively related to the overall disclosure of firms. Therefore, the study concluded that extent of corporate disclosure does not significantly associate with financial performance. Thus, the study recommended that companies should be concerned with the disclosure of relevant information at a possible minimal cost to stabilize the possible negative effect of extensive mandatory and voluntary disclosure on financial performance.

In addition, Soomiyol, Wahab and Samsudin (2018) investigated impact of international financial reporting standards on the financial ratios of listed deposit money banks in Nigeria. The study specifically compared the impact of IFRS and NGAAP on the financial performance of Nigerian deposit money banks using profitability, liquidity and leverage. The study employed secondary data over the

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period 2012-2013 for 11 banks quoted on NSE. The study analyzed data using descriptive and paired sample t-test statistics. The study found that return on asset, return on equity, current ratio and net cash flow from operations to current liabilities ratio, total debt and debt to equity ratio computed from financial statements compiled under IFRS is significantly different from that computed under NGAAP. The study concluded that IFRS adoption had a significant positive impact on the financial ratios of Nigerian deposit money banks. The study recommended that analysts and other financial statements users should rely more on IFRS-based financial statements when making economic decisions.

3.0 METHODOLOGY

3.1 Scope and Method(s) of Analyses

This study focused on 10 randomly selected deposit money banks in operation between 2005 and 2018 including Access bank, First City Monument Bank, Fidelity bank, First Bank, Guaranty trust Bank, Skye Bank, United bank for Africa, Wema Bank, Zenith Bank and Union Bank. The period covered in this study spans between pre IFRS era and IFRS era. Specifically, the study covered 7years before IFRS (2005-2011) and 7 years of IFRS (2012-2018). In the quest to achieve the objectives, the study made use of Pearson Product Moment Correlation analysis and static panel data estimations including pooled OLS estimator, fixed effect estimator, and random effect estimator, alongside post-estimation tests such as restricted f-test, Hausman test.

3.2 Model Specification

This study used model which measured performance in terms of return on asset (ROA) and return on equity (ROE), as a function of IFRSA adoption alongside with other variables as presented in equation one (Akinleye,2016). The baseline model presented in equation (1) was adapted based on the fact that this study captured banks performance in three dimension of profit after tax, return on asset and return on equity in relation to adoption of IFRS with consideration given to firms size as a control , which was absent in previous studies reviewed

$$Y_{it} = \alpha_0 + \alpha_1 LR_{it} + \alpha_2 CR_{it} + \alpha_2 IR + \alpha_2 IFRSA_{it} + \mu_{it} ------(i)$$

Where: Y represent return on asset (ROA) and return on equity (ROE), LR represent liquidity ratio; CR represent capital ratio; IR represent investment ratio and IFRSA represent adoption of international financial reporting standard

Model for this study
Functional representation
Y=f (IFRSA, FZ)
Linear representation of the models

$$PAT_{it} = \delta_0 + \delta_1 IFRSA_{it} + \delta_2 FZ_{it} + \mu_{it} ------(ii)$$
$$ROA_{it} = \delta_0 + \delta_1 IFRSA_{it} + \delta_2 FZ_{it} + \mu_{it} ------(iii)$$
$$ROE_{it} = \delta_0 + \delta_1 IFRSA_{it} + \delta_2 FZ_{it} + \mu_{it} ------(iv)$$

Where: Y represent measures of performance including profit after tax (PAT) measured in billion naira; return on asset (ROA) measure in percent (%); and return on equity (ROE) measure in percent (%); IFRSA represent international financial reporting standard adoption measured as dummy (1 for adoption era, 0 for non-adoption era), and FZ represent firm's size measured as natural log of total asset.

4.0 FINDINGS AND DISCUSSION

Table 1. Correlation analysis.

	PAT	ROA	ROE	IFRSA	FZ
PAT	1.0000				
ROA	0.4549	1.0000			
ROE	0.2485	0.0768	1.0000		
IFRSA	0.4313	0.0680	0.1405	1.0000	
FZ	0.2433	-0.0804	-0.0058	0.4178	1.0000

Source: Author's Computation (2020)

Correlation statistics presented in *Table 1* showed existence of positive correlation between international financial reporting standard adoption and performance of deposit money banks in terms of profit after tax, return on asset and return on equity. Firms size exhibit positive correlation with profit after tax, but negative correlation with return on asset and return on equity. Specifically, reported correlation statistic stood at 0.4313 for PAT and IFRSA; 0.0680 for ROA and IFRSA; 0.1405 for ROE and IFRSA; 0.2433 for PAT and FZ; -0.0804 for ROA and FZ; -0.0058 for ROE and FZ. Notably the result showed that over the period covered in the study across the sampled deposit money banks, adoption of

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international financial reporting standard move predominantly in the same direction with measures of performance including PAT; ROA and ROE.

Table 2. Estimations Result (PAT).

Coefficient	Pooled	Prob	Fixed	Prob	Random	Prob
C	-2.33763	0.882	-12.18205	0.481	-13.2213	0.435
IFRSA	26.49363	0.000	24.6265	0.000	24.8241	0.000
FZ	2.248219	0.368	4.228063	0.095	4.018532	0.099
	R-square=0.5908 Adj R-square=0.5790 F-statistics=16.15 Prob(F-stat)= 0.0000		R-square=0.6256 Adj R-square=0.5934 F-statistics=19.44 Prob(F-stat)= 0.0000		R-square=0.6881 Wald chi2(5)= 66.72 Prob> chi2 =0.0000	
	Restricted F-test= 16.52 (p=0.0000 < 0.05)					
			Hauman Test = 0.11 (P= 0.9442 > 0.05)			

Source: Author's Computation, (2020)

Table 3. Estimations Result (ROA).

Coefficient	Pooled	Prob	Fixed	Prob	Random	Prob
C	12.98586	0.088	5.941454	0.620	12.98586	0.086
IFRSA	3.566556	0.188	2.726363	0.362	3.566556	0.186
FZ	-1.692915	0.159	-.8020031	0.646	-1.69291	0.157
	R-square=0.6190 Adj R-square=0.6047 F-statistics=11.33 Prob(F-stat)= 0.0091		R-square=0.6564 Adj R-square=0.6247 F-statistics=10.70 Prob(F-stat)= 0.0009		R-square=0.4190 Wald chi2(512.65 Prob> chi2 =0.0058	
	Restricted F-test= 5.56 (p=0.0044 < 0.05)					
			Hauman Test = 0.49 (P= 0.7811 > 0.05)			

Source: Author's Computation, (2020)

Most consistence and efficient estimations as presented in table 2, 3, and 4 are the random effect estimation result evaluated by Hausman test statistics for the three models respectively. Result showed that adoption of international financial reporting standards has positive effect on all the measures of performance, starting from profit after tax, return on asset and return on equity Reported coefficient estimate of 24.8241 ($p < 0.05$) for PAT model; 3.566556 ($p > 0.05$) for ROA model

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and 232.5723 (p > 0.05) for ROE model respectively. However, the result showed that adoption of international financial reporting standard by deposit money banks in Nigeria, resulted on the average in an increase of 24.82 billion, in profit after tax, 3.57% in return on asset and 232.6% in return on equity, other thing held constant. Relatively, while adoption of IFRS has positive influence on all measures of performance, result showed that the influence is more pronounced when performance is measured in terms of profit after tax. Reported R-square statistics stood at 0.6881, 0.4190 and 0.5246 for model 1, 2, and 3 respectively, which connote that about 69%, 42% and 52% of systematic variation in profit after tax (PAT) return on asset (ROA) and return on equity (ROE) can be explain jointly adoption of international financial reporting standards and firms size of deposit money banks in Nigeria. Notably discoveries made in this study are in sync with the findings of Soomiyol, Wahab and Samsudin (2018); Eriki, Modebe, Okoye and Erin, 2017, Shehu, 2015, Unachukwu, 2019; Omakoli, Uzodima and Okpala (2017); Matthew (2015) to mention but few. Succinctly, Soomiyol, Wahab and Samsudin (2018) submitted that IFRS adoption has positive impact on the financial ratios of Nigerian deposit money banks especially return on asset and return on equity. Omakoli, Uzodima and Okpala (2017) found that adoption of IFRS has significantly influenced the financial performance of money depositing banks in Nigeria. In the work of Matthew (2015) it was also concluded that IFRS have impacted on financial reporting in the Nigerian Banking sector.

Table 4. Estimations Result (ROE).

Coefficient	Pooled	Prob	Fixed	Prob	Random	Prob
C	323.9661	0.371	68.73454	0.900	274.1279	0.503
IFRSA	240.2174	0.064	217.6238	0.114	232.5723	0.071
FZ	-48.0073	0.402	-24.0498	0.764	-39.9007	0.537
	R-square=0.4248 Adj R-square=0.4105 F-statistics=11.74 Prob(F-stat)= 0.0095		R-square=0.5368 Adj R-square=0.462 F-statistics=11.84 Prob(F-stat)= 0.0030		R-square=0.5246 Wald chi2(5)= 13.33 Prob> chi2 =0.0095	
	Restricted F-test= 4.85 (p=0.0060 < 0.05)					
			Hauman Test = 0.11 (P= 0.9445 < 0.05)			

Source: Author's Computation, (2020)

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5.0 Conclusion and Recommendations

This study established empirically that adoption of international financial reporting standard explains a notable percentage of systematic variation in the performance of deposit money banks in Nigeria especially when measured in terms of profit after tax. Discoveries made in this study, underscore the role of adopting international best practices in promoting improved performance in Nigeria banking industry, a case of selected money deposit banks view from the perspectives of profitability as well as return on investment of asset and equity. Hence, regulatory authorities in Nigeria banking industries should devise a mechanism for evaluation consistency of players in the Nigerian banking sector as torching adherence to international standards of reporting. There is need for periodic assessment of reporting standards used by corporate organization in the country in line with best international practices so as to guide against possible deviation from that can help sustain better corporate performance in the country. In addition, management and auditors of accounting report need to work together at tightening compliance to ensure better performance impact of IFRS adoption. Lastly, Financial Reporting Council of Nigeria should further harmonize their operation in the bit to sustain proper check and balances needed to ensure coherence in the regulatory framework necessary for proper adoption of IFRS in the country.

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