

## Impact of IFRS Adoption on Financial Reporting Quality: An Analysis of Listed Deposit Money Banks (DMBs) in Nigeria and Uganda

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**Abstract:** Nigeria and Uganda, as developing economies with vibrant banking sectors, have made significant strides in enhancing their financial reporting standards by adopting International Financial Reporting Standards (IFRS). This study investigated the impact of IFRS adoption on the quality of financial reporting within the listed Deposit Money Banks (DMBs) of both countries. This study adopted an ex post-facto research design, collecting data from the yearly financial summaries and statements of listed deposit money banks (DMBs) in Nigeria and Uganda. The entire population was used as the sample size through census sampling techniques. Data were gathered from two distinct periods: 2009 – 2011, involving Ugandan and Nigerian banks (before the adoption of IFRS), and 2012 – 2023 (after the adoption of IFRS). Analysis of the data involved both descriptive and inferential statistics. The analysis revealed a substantial improvement in the accuracy, transparency, and reliability of financial reporting practices among listed DMBs in Nigeria and Uganda following the adoption of IFRS. These findings underscore the effectiveness of aligning accounting frameworks with the best global practices, particularly within the banking sector of emerging economies. The study concludes that the adoption of IFRS has positively influenced the quality of financial reporting within the banking sectors of Nigeria and Uganda. The transition to IFRS standards has resulted in enhanced accuracy, transparency, and reliability of financial information provided by listed DMBs, ultimately leading to better decision-making by stakeholders who rely on their financial statements. This highlights the importance of embracing global accounting standards to enhance the comparability and reliability of financial reporting practices across borders. The study therefore recommends that regulatory authorities in Nigeria and Uganda should continue to monitor the compliance of listed DMBs with IFRS standards to ensure the continued improvement of financial reporting quality.

**Keywords:** *Financial reporting quality, value relevance, pre-adoption of IFRS, post-adoption of IFRS.*

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## Introduction

Financial reporting quality is a critical area of corporate transparency and accountability, particularly within the banking sector, which plays a pivotal role in the economy of any country. Listed Deposit Money Banks (DMBs) serve as key intermediaries in the financial system, mobilizing savings and allocating capital to support economic growth and development (Adewara et al., 2024; Akinadewo et al., 2023). As such, the accuracy, reliability, and transparency of their financial reporting are essential for maintaining market confidence, attracting investment, and ensuring effective regulatory oversight (Ma et al., 2022; Ogundeyi & Siyanbola, 2021).

Nigeria and Uganda, as emerging economies with vibrant banking sectors, have witnessed significant developments in financial reporting standards and practices over the years. With the adoption of International Financial Reporting Standards (IFRS), both countries have aligned their accounting frameworks with global best practices, aiming to enhance the comparability and transparency of financial information across borders (Ongalo & Wanjare, 2022; Okoroigwe et al., 2021). However, how adopting IFRS contributes to better financial reporting quality within the

banking sectors of Nigeria and Uganda remains an area of interest and inquiry. The financial reporting environment in Nigeria and Uganda is characterized by a complex interplay of regulatory frameworks, market dynamics, and institutional factors (Tawiah & Oyewo, 2024). While both countries have made strides in strengthening their regulatory regimes and enhancing corporate governance standards, challenges persist to guarantee the consistency and reliability of financial reporting among listed DMBs (Awotomilusi et al., 2023; Dagunduro et al., 2024). Factors such as enforcement mechanisms, auditor independence, and the quality of internal controls can significantly influence the overall integrity of financial reporting practices (Uymaz et al., 2021; Suleiman, 2019).

The adoption of International Financial Reporting Standards (IFRS) marks a major milestone in the global financial reporting landscape. Aimed at improving the transparency, comparability, and reliability of financial information, IFRS implementation has transformed accounting practices in various regions around the world. In emerging economies, like as Nigeria and Uganda, where the banking sector serves as a cornerstone of economic activity, the impact of IFRS adoption on financial

reporting quality is of particular interest and importance (Ogunmakin et al., 2021).

This research aims to investigate the implications of IFRS adoption on financial reporting quality within the banking sectors of Nigeria and Uganda, focusing specifically on listed Deposit Money Banks (DMBs). By examining key indicators of financial reporting quality, such as accuracy, timeliness, relevance, and transparency, this research aims to assess the magnitude of IFRS adoption's effect on financial reporting practices within the banking sectors of these two countries. Moreover, the study will investigate any differences or similarities in financial reporting quality between Nigeria and Kenya, considering contextual factors such as regulatory frameworks, market structures, and institutional dynamics. Understanding the nuances of financial reporting quality in listed DMBs in Nigeria and Uganda is crucial for stakeholders, including regulators, investors, analysts, and policymakers. By identifying areas of improvement and potential challenges, this research can contribute valuable insights to the ongoing efforts to strengthen financial reporting standards, enhance market transparency, and promote investor confidence in the banking sectors of these emerging economies. Ultimately, the findings of this study aim to inform policy decisions, regulatory reforms, and corporate practices aimed at fostering robust and reliable financial reporting practices among listed DMBs in Nigeria and Uganda.

## Literature Review

### *Adoption of International Financial Reporting Standards (IFRS)*

The transition to International Financial Reporting Standards (IFRS) refers to process by which a country or jurisdiction integrates these globally accepted accounting standards into its national or local financial reporting framework (Dang et al., 2020; Negash, 2008). IFRS comprises accounting principles, Rules and interpretations formulated and upheld by the International Accounting Standards Board (IASB). When a nation adopts IFRS, it typically requires its reporting entities, such as corporations, to compile their financial statements following these standards (Hung & Subramanyam, 2007; Goodwin & Ahmed, 2006). This entails aligning accounting policies, practices, and disclosures with the principles outlined in IFRS. The adoption of IFRS aims to enhance the comparability, transparency, and reliability of financial reporting across borders, thereby facilitating investment decisions, fostering capital flows, and improving market efficiency (Kyari & Waziri, 2019; Ke et al., 2012; Landsman et al., 2011; Lang et al., 2010).

Countries may adopt IFRS either fully or partially, depending on their regulatory preferences, institutional capacity, and economic considerations. Full adoption entails the rollout of IFRS as the primary basis for financial reporting, while partial adoption allows for the incorporation of IFRS principles alongside existing national accounting standards (Li, 2010; Laux & Leuz, 2010). The adoption of IFRS often involves regulatory changes, including amendments to accounting laws, regulations, and disclosure requirements, to ensure compliance with the new standards. Additionally, it may require training programs, capacity-building initiatives, and stakeholder engagement efforts to facilitate the transition and enhance understanding of IFRS principles among preparers, auditors, regulators, and users of financial statements (Erin & Oduwole, 2019; Fowokan, 2012). The move to IFRS reflects a pledge to align accounting practices globally, advance

transparency and accountability in financial reporting, and facilitate international investment and capital allocation in an increasingly interconnected world economy (Gebhardt & Novotny-Farkas, 2010; El-Gazzar et al., 1999).

### *Financial Reporting Quality*

Financial reporting quality refers to how accurately and reliably financial reports reflect a firm's financial health, position, and cash flow activities. It encompasses several dimensions, including accuracy, reliability, relevance, comparability, transparency, and timeliness (Fiechter, 2009; Hung, 2001). Financial reports should present information that is free from significant errors and accurately reflects the underlying transactions and events (Kamal & Bhuiyan, 2003). Accuracy makes sure that financial reports present a reliable and fair assessment of the organization's financial position and performance. Reliability is concerned with the faithfulness of financial information, ensuring that it is verifiable, neutral, and free from bias (Latridis, 2008). Reliable financial reports are consistent over time and across different users, providing stakeholders with the means to make informed decisions through reliable information. Financial reports need to contain details that support effective decision-making. Relevant data can impact users' economic decisions by helping them evaluate past performance, understand the current financial position, and anticipate future outcomes (Negash, 2008).

Financial reports should help users compare the financial performance and position of an organization over time and with competing firms. Comparability facilitates benchmarking, trend analysis, and industry comparisons, enhancing the usefulness of financial information for stakeholders (Ayunku & Eweke, 2019). Transparency involves disclosing all relevant information in a clear, comprehensive, and understandable manner. Transparent financial reports enable stakeholders to assess the risks, opportunities, and uncertainties facing the organization and make well-informed decisions. Timely financial reporting ensures that information is provided to users promptly, allowing them to react promptly to changes in the organization's financial condition. Timeliness is essential for maintaining market confidence, facilitating efficient capital allocation, and reducing information asymmetry (Fali et al., 2023). Financial reporting quality is essential for promoting trust, confidence, and integrity in financial markets. Organizations that prioritize high-quality financial reporting are better positioned to attract investors, access capital at favorable terms, and demonstrate accountability to stakeholders.

## Theoretical Framework

This study is grounded in Information Asymmetry Theory, developed by George Akerlof, Michael Spence, and Joseph Stiglitz in the early 1970s. Their research examined how differences in information among economic agents can cause market inefficiencies and problems like moral hazard and adverse selection. Akerlof's "The Market for Lemons" (1970), Spence's "Job Market Signaling" (1973), and Stiglitz's "The Theory of 'Screening,' Education, and the Distribution of Income" (1975) established the theory's foundation in economics and finance. Information Asymmetry Theory highlights the issues arising from unequal information distribution in financial reporting, where managers often have more insight into a company's financial status than external stakeholders, leading to potential inefficiencies.

The adoption of International Financial Reporting Standards (IFRS) is commonly seen as a method to reduce information asymmetry by improving transparency, comparability, and disclosure in financial reporting. IFRS provides a uniform approach to reporting financial data, enabling stakeholders to make better-informed decisions through consistent and reliable information across various companies and regions. Research has explored how IFRS adoption affects information asymmetry, such as Lang and Lundholm's (1996) study, which demonstrated that increased disclosure reduces information asymmetry and enhances market efficiency. For listed Deposit Money Banks (DBMs) in Nigeria and Uganda, adopting IFRS is particularly beneficial in reducing information asymmetry between banks and their stakeholders. According to Aderin and Otakefe (2016), developing and transitional economies often face higher levels of information asymmetry due to weak institutions and infrastructure. However, adopting IFRS can improve the quality and transparency of financial reporting for DBMs, thus decreasing information asymmetry and increasing stakeholder confidence.

Furthermore, studies such as that by Leuz and Verrecchia (2000) have highlighted the economic repercussions of increased disclosure, emphasizing how greater transparency in financial reporting can lead to facilitated access to capital, lower costs of capital, and overall market efficiency. Similarly, Hung (2001) found that accounting standards that require more disclosure are associated with greater value relevance of earnings, suggesting that reducing information asymmetry through enhanced disclosure positively impacts financial reporting quality. In summary, Information Asymmetry Theory offers a conceptual framework for analyzing how IFRS adoption affects the reduction of information asymmetry between Deposit Money Banks (DBMs) and their stakeholders. By improving transparency, comparability, and disclosure, adopting IFRS can enhance the quality of financial reporting, benefiting investors, creditors, regulators, and the wider economy.

#### ***Adoption of International Financial Reporting Standards (IFRS) and Financial Reporting Quality***

The impact of adopting IFRS on financial reporting quality can differ between countries due to variations in their institutional structures. The inconsistent and sometimes contradictory findings in previous research can be attributed to these national differences. Studies have indicated that developing and transitional economies often lack effective institutions and infrastructure, despite their growing capital markets (Fali et al., 2023). IFRS adoption has been explored for its potential to improve the quality of financial statements, with the argument that IFRS introduces stricter disclosure requirements to enhance financial reporting and address information imbalances. This relationship involves evaluating how IFRS implementation influences the accuracy, transparency, and reliability of financial reporting, and whether it leads to improvements or changes in reporting practices. The ultimate impact is on the credibility and usefulness of financial statements for stakeholders, including investors, creditors, regulators, and the wider public.

Tawiah and Oyewo (2024) explored the impact of adopting International Financial Reporting Standards (IFRS) on regulated industries, assessing whether IFRS could simplify reporting and address information imbalances. Their 9-year study, covering 98 countries, found a significant positive link between IFRS adoption

and increased foreign investment in the banking sector, especially in developing countries. This effect was consistent across various subgroups, including EU and non-EU countries, and different income levels, indicating widespread benefits from a unified reporting standard. In contrast, Fali et al. (2023) analyzed IFRS adoption's effect on the value relevance of accounting information for listed deposit money banks in Nigeria from 2007 to 2020. Their findings showed that post-IFRS adoption periods had better explanatory power. They observed a positive relationship between earnings per share (EPS) and market price per share under IFRS, but a negative impact of book value per share (BVPS) on market price. Meanwhile, Kabwe (2023) investigated the link between IFRS compliance and financial reporting quality in Zambia from 2012 to 2018. Contrary to expectations, the study found no significant improvement in financial reporting quality, likely due to low compliance levels among the sampled companies.

Ma et al. (2022) investigated how accounting quality and IFRS adoption affect the efficiency of Pakistan's banking sector. Their analysis, which used tools like the Malmquist productivity index and Roychowdhury's Earnings Management, revealed that improved accounting quality and IFRS adoption significantly enhanced banking efficiency. The study noted that foreign banks in Pakistan were less efficient than public or private banks, and larger banks had better earnings timeliness compared to smaller ones. This highlights the importance of transparent financial reporting practices, supported by high-quality standards like IFRS, in boosting overall banking efficiency. In a different study, Babatunde (2022) assessed the impact of IFRS adoption on the financial performance of deposit money banks in Nigeria over a 14-year period. The research, using panel estimation techniques, found that IFRS adoption significantly improved the banks' profitability, as indicated by metrics such as profit after tax (PAT), return on assets (ROA), and return on equity (ROE). This suggests that following international reporting standards has positively affected the financial performance of Nigerian banks.

Conversely, Ongalo and Wanjare (2022) evaluated the effect of IFRS 9 adoption on commercial banks in Kenya using an event study approach. Their analysis of quarterly financial statements showed an increase in returns on assets and equity after IFRS 9 adoption, contrary to the expected negative impact from higher loan loss provisions. This suggests that IFRS 9 may have positively influenced the financial performance of Kenyan banks. Fatoki and Adekunle (2022) investigated how IFRS adoption affects the performance of deposit money banks (DMBs) in Nigeria using secondary data and time series analysis. Their study, which examined variables such as earnings per share (EPS), the statement of financial position (SFP), and return on assets (ROA), found that IFRS adoption significantly impacted the net profit margin of Nigerian banks. However, the effect on the lending rate was found to be negligible. This indicates that while IFRS adoption influences certain performance metrics, its impact may not be uniform across all banking performance areas.

In contrast, studies by Okoroigwe et al. (2021) and Ogunmakin et al. (2021) reported mixed results. Okoroigwe et al. observed a negative and insignificant effect of IFRS on asset quality, while Ogunmakin et al. found that although IFRS adoption did not markedly improve financial performance, full integration might enhance outcomes. Ogundeyi and Siyanbola (2021) also found no significant impact on return on assets but noted a significant effect on capital adequacy. In a broader context, Dang

et al. (2020) reported that IFRS adoption positively affected credit relevance quality, and Jibril (2019) noted an increase in large loss recognitions following adoption, recommending IFRS to improve accounting quality. Amidu and Issahaku (2019) examined the effects of globalization and IFRS adoption on accounting information quality, finding that IFRS, in conjunction with globalization, led to higher-quality earnings among African banks. This suggests that IFRS adoption can enhance earnings quality within a globalized context.

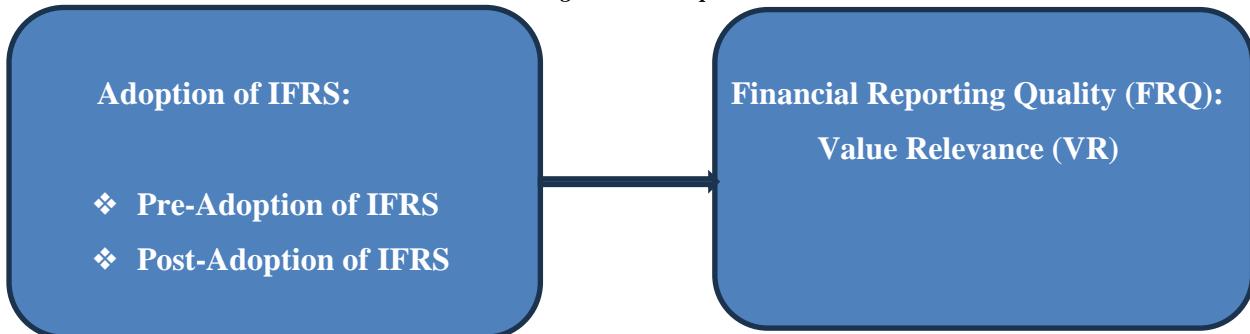
Erin and Oduwole (2019) examined the impact of IFRS on the profitability ratios of eleven Nigerian banks. Using statistical methods such as the Wilcoxon Signed Rank test, their study found no significant effect of IFRS adoption on these profitability ratios, indicating limited influence on key financial performance metrics. Ayunku and Eweke (2019) explored how accounting estimates affect financial reporting quality in Nigerian banks. Their findings suggested that increased reliance on accounting estimates resulted in greater discretion and reduced financial reporting quality. Similarly, Kyari and Waziri (2019) observed that despite adopting IFRS, Nigerian commercial banks continued practices like earnings

smoothing, which hindered the anticipated improvements in financial reporting quality. Suleiman (2019) assessed the impact of IFRS 9 implementation, revealing that Nigerian banks experienced significant financial losses and high costs due to the reclassification of financial instruments. Lastly, Bananuka et al. (2019) investigated the factors affecting IFRS adoption in Ugandan microfinance institutions (MFIs). Their study found that board effectiveness and intellectual capital positively influenced IFRS adoption, with managerial attitude also contributing but to a lesser extent. This underscores the role of governance and intellectual capital in the successful implementation of IFRS in microfinance institutions.

#### **Conceptual Framework**

Figure 1 shows the interaction between the adoption of International Financial Reporting Standards (IFRS) and the financial reporting quality.

**Figure 1: Conceptual Framework**



*Source: Authors' Concepts (2024)*

## **Methodology**

This study used an ex post facto research design and gathered data from the annual reports and financial statements of listed deposit money banks (DMBs) in Nigeria and Uganda. A census sampling method was applied to examine the entire population as the sample. Data were collected from two separate periods: 2009-2011, which includes banks in Uganda and Nigeria before IFRS adoption, and 2012-2023, covering the period after IFRS adoption. The data were analyzed using both descriptive and inferential statistical techniques.

### **Model Specification**

The regression model was used to specify the theoretical assumption that forms the basis of this study, while adhering to a three-level method to regression analysis. Motivated by these theoretical assumptions, the model that had been specified aligns with the theory and objectives of the study. In this regard, the study utilised a theoretical framework derived from Gu (2021) and Ma et al. (2022) respectively as they investigated voluntary IFRS adoption and accounting quality in Japan and Pakistan's banking sector. The following functional form provides a functional model for assessing both the independent and dependent variables.

$$VR = \beta_0 + \beta_1 * PAPAI + \beta_2 * ControlVariables + \epsilon$$

Financial Reporting Quality is the dependent variable as represented value relevance (VR). IFRS Adoption is the independent variable representing the adoption of IFRS (PAPAI) divided into pre and post adoption period. While being categorical variable with two mutually exclusive values (0 and 1), 0, in this regard, represents pre-adoption period, and 1 represents post-adoption period. However, control variables, as defined by Bhandari (2023), are other variables that are kept constant despite having no importance on the study's goals. But these are kept constant due to their impact on the study's result. In essence, this ensures internal validity and reliability of the results. The study used a variety of models and control variables, including business size, financial leverage, and firm performance (ROA), to evaluate each proxy for accounting quality. Each proxy for accounting quality can be influenced by multiple factors. This study therefore limited these control variables to three in accordance with the study conducted by Bui and Le (2021), which asserted that firm size, financial leverage, and firm performance (ROA) influence accounting quality.  $\beta_0, \beta_1, \beta_2$  are mean coefficients to be estimated while  $\epsilon$  is the error term.

**Table 1: Operationalization of Variables**

Variable	Type	Source	Description and Measurements of Variables	Reference
Pre and Post Adoption of IFRS (PAPAI)	Independent	Audited Annual report	Measured as a binary variable, with 1 representing post-adoption and 0 representing pre-adoption.	( Barth et al., 2007)
Value Relevance (VR)	Dependent	Audited Annual report	Measured as $\Delta NI = \text{change in net income relative to end-of-year total assets}$ , and $\Delta CF = \text{change in net cash flow relative to end-of-year total assets}$ .	( Barth et al., 2007)

**Source:** Researcher's Compilation (2024)

### Data Analysis and Discussion of Findings

This section explains the analysis of data while presenting relevant findings.

#### Descriptive Statistics

Table 2 illustrates that the average change in net income relative to total assets ( $\Delta NI$ ) was -0.0007, with a standard deviation of 0.0254. This suggests an average decrease in net income relative to total assets of 0.07%. The standard deviation, at 2.54%, is significantly higher than the mean, indicating considerable variability around the mean. The range of values spans from -0.1138 to 0.284. A skewness of 7.1130 points to a right-skewed distribution, indicating that the data is stretched to the right of the mean and is not normally distributed. Additionally, the distribution is leptokurtic with a kurtosis of 91.9763, which is much higher than that of a normal distribution, indicating a distribution that is more peaked than usual.

The average for change in cashflow relative to total asset ( $\Delta NI$ ) is -0.02620. The standard deviation indicates an importance

departure from the mean, at 0.1214 (12.14%). The distribution has a shape of 0.1174. This suggests that there is a long-right tail skewness in the data distribution. The distribution looks to be positive and platykurtic, with a kurtosis of 19.1457. On the other hand, financial leverage (FLEV) has a standard deviation of 0.4224 and a mean of 0.3343. This suggests a high departure from the mean. The distribution's skewness is 0.4838. This suggests a distribution that is right-skewed. There is a 1.2658 kurtosis. Furthermore, the mean value of firm size (FSIZE) is 2.5039, while the standard deviation is 3.3165. These distribution ranges from 0 to 8.7424. In terms of shape, the distribution is positively skewed at 0.7073 and the kurtosis is 1.7482. The average value of financial performance (ROA) is 0.0045. This implies that the performance of firms studied is 0.45% on average. This data might be subjected to a very moderately high level of dispersion at 0.0133. But the shape of the data points is left-skewed at -0.4857 and leptokurtic at 9.7358. While adoption variable is categorical variable, 20% of the data, however, were obtained from pre-adoption period, 80% of the data were obtained post-adoption period.

**Table 2: Descriptive Statistics**

Variable	IFRSA	$\Delta NI$	$\Delta CF$	FLEV	FSIZE	ROA
OBS	180	180	180	180	180	180
Mean		-0.0007	-0.0262	0.3343	2.5039	0.0045
Std. Dev		0.2538	0.1214	0.4224	3.3165	0.0133
Skewness		7.113	0.1174	0.4838	0.7073	-0.4857
Kurtosis		91.976	19.146	1.2658	1.7482	9.7358
Minimum	0	-0.1138	-0.4909	0	0	-0.06247
Maximum	1	0.284	0.8193	0.9948	8.7424	0.05
Freq (0 in %)	20					
Freq (1 in %)	80					

**Sources:** Researchers' Computation (2024)

#### Logistic Regression Assumptions and Diagnostics

For a robust and adequate statistical inference, the study's analysis rest on the following assumptions. While both the explained variable is dichotomous variable, the independent variables are continuous variables. The Durbin-Watson statistic, used to assess autocorrelation in regression model outputs, showed a value of 1.0260, indicating positive autocorrelation. The Breusch-Pagan test revealed a chi2 (1) of 79.39 and a p-value of

0.0000, suggesting the presence of heteroscedasticity in the model. To evaluate multicollinearity, the variance inflation factor (mean value of 6.17) was well below the 10-point threshold, indicating no significant multicollinearity among the independent variables. The Shapiro-Wilk test for normality showed p-values of 0.0000 for all variables, indicating non-normal distribution of the data. This was addressed by transforming the variables (IFRSA,  $\Delta NI$ ,  $\Delta CF$ , FLEV, FSIZE, and ROA) to achieve normality, along with adjusting the model for linear relationships and removing outliers.

**Table 3. Post Estimation Test**

Variables	IFRSA	ΔNI	ΔCF	FLEV	FSIZE	ROA
Durbin Watson statistic	1.0260					
Breusch-Pagan test	79.39 (0.0000)					
Variance Inflation Factor	6.17					
		10.25	8.828	7.359		
Shapiro-Wilk's test	2.995 (0.00137)	(0.00)	(0.000)	(0.00)	6.332 (0.000)	6.167 (0.000)

**Source: Author's Compilation (2024)**

### Logistic Regression Analysis

Table 4 presents the outcomes of the logistic regression analysis between IFRS adoption and accounting quality using change in net income relative total asset. The chi-square test's likelihood ratio (LR) is 0.11. The p-value of 0.7405, which indicates the probability of reaching the chi-square value if the null hypothesis is true. The model's overall statistical significance is assessed using the p-value. This is determined by comparing it

with the critical threshold of 0.05. The model is not statistically significant because the p-value in this case is 0.7405, which is greater than the significant level of 0.05. As aggressive, earnings-enhancing reporting techniques are discontinued or curtailed, a notable decline in reported earnings going by the implementation of IFRS would be aligned with a decline in earnings management. The test's results show that reported earnings have not changed significantly after the implementation of IFRS, although in a positive direction rather than the predicted negative coefficient.

**Table 4: Logistic Regression Analysis**

Variables	Coefficient	p-value
ΔNI	2.6965	0.753
Constant	1.3895	0.0000
LR chi2(5)	0.11	
P-value of the model	0.7405	
Pseudo R2	0.0006	
Log likelihood	-90.0175	

**Source: Authors' Computation (2024)**

The change net cash flows before and after the adoption of IFRS is examined in Table 5. The goal of this ratio of net cashflows relative to total asset is to determine how much reported earnings reflect accruals, and how much cash, a more predictable and reliable component of earnings, is reflected in reported earnings. If this ratio were to decline after adoption, it would mean that accruals make up a smaller portion of reported earnings than

cash flows. This implies less earnings management. The findings show that there is a discernible change between the ratios before and after the sampled firms adopted IFRS (p-value (0.0000) <0.05). The log odds of post-adoption (as opposed to pre-adoption) rise by 6.1771 for each unit change in ΔCF. According to this metric, the quality of Nigeria and Uganda's reported accounting information changed significantly in post-IFRS adoption era.

**Table 5: Logistic Regression Analysis**

Variables	Coefficient	p-value
ΔCF	6.1771	0.0000
Constant	1.6579	0.0000
LR chi2(5)	15.50	
P-value of the model	0.0001	
Pseudo R2	0.0861	
Log likelihood	-82.3217	

**Source: Authors' Computation (2024)**

A more intricate test of quality of accounting information pre or post adoption of IFRS era is shown in Table 6. It includes a few additional variables as control variables in addition to the variables of interest. The outcome of the analysis showed that ΔNI and ΔCF did not vary significantly, according to the Table 6's data.

Only financial leverage increased significantly. These findings imply that Nigeria and Uganda's implementation of IFRS has not influenced accounting information. This table's findings indicate that earnings management did not decrease with the implementation of IFRS

**Table 6: Logistic Regression Analysis**

Variables	Coefficient	p-value
ΔNI	-3.9880	0.659
ΔCF	2.7074	0.085
FLEV	-4.9979	0.000
FSIZE	0.1270	0.469
ROA	13.198	0.451
Constant	3.6187	0.0000
LR chi2(5)	62.80	
P-value of the model	0.0000	
Pseudo R2	0.3486	
Log likelihood	-58.6734	

*Source: Authors' Computation (2024)*

## Discussion of Findings

Nigeria and Uganda, as developing economies with vibrant banking sectors, have experienced significant progress in financial reporting standards and practices over the years. By adopting International Financial Reporting Standards (IFRS), both countries have brought their accounting practices in line with global best practices, thereby improving the comparability and transparency of financial information internationally. This study examines the effect of IFRS adoption on the quality of financial reporting within the banking sectors of Nigeria and Uganda, particularly among listed Deposit Money Banks (DMBs). The results show that IFRS adoption notably enhanced the quality of financial reporting in these banks, resulting in increased accuracy, transparency, and reliability in their financial statements. This improvement likely supports better decision-making for stakeholders who rely on these financial reports. The findings highlight the significance and effectiveness of implementing global accounting standards such as IFRS in improving the accuracy and consistency of financial reporting, especially within the banking sectors of Nigeria and Uganda.

## Conclusion and Recommendations

Nigeria and Uganda, as emerging economies with active banking sectors, have significantly improved their financial reporting standards by adopting International Financial Reporting Standards (IFRS). This study assessed the effect of IFRS adoption on the quality of financial reporting within listed Deposit Money Banks (DMBs) in both countries. The analysis found a notable enhancement in the accuracy, transparency, and reliability of financial reporting among these banks after adopting IFRS. These results emphasize the effectiveness of aligning accounting practices with the best global practices, particularly in the banking sector of emerging economies. The research concludes that IFRS adoption has positively impacted the quality of financial reporting in the banking sectors of Nigeria and Uganda. The shift to IFRS standards has led to more accurate, transparent, and reliable financial information from listed DMBs, ultimately improving decision-making for stakeholders who depend on these financial statements. This underscores the value of adopting global

accounting standards to enhance the comparability and reliability of financial reporting across different countries.

This study recommends that regulatory authorities in Nigeria and Uganda should continue to monitor the compliance of listed DMBs with IFRS standards to ensure the continued improvement of financial reporting quality. Efforts should be made to enhance the capacity of accounting professionals and regulators in both countries to effectively implement and interpret IFRS standards. Stakeholders, including investors, creditors, and regulators, should be educated on the implications of the adoption of IFRS and the advantages of enhanced financial reporting quality for making well-informed decisions are crucial. Ongoing evaluations should be carried out to continually assess the impact of IFRS adoption on the quality of financial reporting and identify areas for further improvement.

This research adds to the existing body of knowledge by providing empirical evidence on the positive impacts of IFRS adoption on financial reporting quality within the banking sectors of emerging economies such as Nigeria and Uganda. It underscores the importance of implementing global accounting standards to enhance the accuracy, consistency, and reliability of financial reporting, particularly in the rapidly changing banking industry. The findings offer valuable insights for policymakers, regulators, and practitioners seeking to promote the adoption of international best practices in financial reporting.

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