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LAMBE ISAAC

TOPIC: ASSESSING THE IMPACT OF THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARD ON FINANCIAL INSTITUTIONS IN NIGERIA

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Prof. R. A. Akindele

(Chairman, Local Organizing Committee)

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Assessing the impact of the adoption of International Financial Reporting Standard on Financial Institutions in Nigeria

Lambe Isaac

Department of Accounting, Nasarawa State University, Keffi, Nasarawa State.
E-Mail: talk2ice@yahoo.com, Phone Number: 08065662589

ABSTRACT

The adoption of International Financial Reporting is already an issue of global relevance among various stakeholders and countries of the world due to the quest for uniformity, reliability and comparability of financial statements of companies. This research work seeks to investigate the effect of IFRS adoption on financial institutions in Nigeria, and its consequent effect on the economy. Guaranty trust bank Nigeria plc being one of the leading banks in Nigeria was used as a focal point with secondary data collected from Nigeria Stock Exchange (Preparers) and Investment Analysts (Users), which consist of publications for analysis and primary data used to elicit responses with well structured questionnaires administered. Findings reveal that IFRS is being gradually adopted among financial institutions in Nigeria, but the level of adoption can be improved upon. It is perceived that IFRS implementation will promote FDI inflows and economic growth. It is recommended that all stakeholders should endeavour to have full implementation in other to reap benefits of the global GAAP and principle - based standards.

Keywords: *Adoption, Financial Institution, Foreign Direct Investment, Global relevance, IFRS*

Introduction

The introduction of an acceptable global high – quality financial reporting standard was initiated in 1973 when the international accounting standard committee (IASC) was formed by 16 professional bodies from different countries (such as United States of America, United Kingdom, France, Canada, Germany, Australia, Japan, Netherlands and Mexico) of the world (Garuba and Donwa, 2011). This body was properly recognized in 2001 as the International Accounting Standards Board (IASB), and further developed accounting standards and related interpretations jointly referred to as the International Financial Reporting Standards (IFRS). The dominance of IFRS was further improved in September 2002, when the United States Financial Accounting Standard Board (FASB) and IASC undertook to work closely based on their agreement to develop high quality compatible accounting standards that could be adopted for Both domestic and cross border financial reporting. These bodies have so far achieved their objective of providing global standards and principles in financial reporting.

Consequently, many developing and emerging economies, did not want to be left behind in this global development took a cue from the world major economics to adapt, adopt or converge the IFRS as a domestication process. Different countries on the other hand use different approaches in adopting IFRS based on their need and ability to adopt (Azobi, 2010). As part of plans to meet international standards, the Federal Government of Nigeria disclosed that the phased adoption of the international financial reporting standard (IFRS) will take effect in Nigeria on 1st January, 2012. The federal government sought to achieve this objective by involving all relevant stakeholders including financial institutions before it finally decided to adopt the IFRS on a phased basis.

According to Ezeokoli (2001), financial reporting involves the various constituent sets of relationship between the company's board, its management, shareholders, and other related, including institutions (Universities) and the community in which the organization is located. The board of directors are expected to be accountable to shareholders in any company for effective monitoring and part of corporate governance requirements, thus there must be an independent relationship between the board and management. This in turn has resulted to various rules, principles, standards and regulations, which have been adopted in various countries in the area of audit, accounting, and internal control and audit committees in other to properly superintend the operations of corporate body and guide against corporate fraud. It is in the light of this that having global sets of standards becomes relevant, and as such the objectives and importance of introducing IFRS according to Fowokan (2011) includes the following.

1. To enable national policy makers bring about effective convergence of national accounting standards.
2. IFRS is designed for more transparent disclosure in financial reporting.
3. IFRS require that financial statements to give a true and fair view of the financial position as well as result of operations for various entities.
4. To develop a single set of high quality understandable and enforceable global financial statement.
5. Accounting standard that requires transparent and comparable information in financial statements.
6. To help participants in various capital markets (investors, stock brokers, etc.) across the globe to understand financial statements.

In order to achieve the above objectives, practical implementation of IFRS requires adequate technical capacity among preparers and users of financial statements. The fact remains that to impact knowledge, one must be adequately equipped with the knowledge intended to be disseminated. Garuba and Donwa (2011) supporting the above view, affirmed that there is need to train the educators so as to be abreast with the provisions of IFRS. Hence, when they are well trained and equipped they will be able to impact knowledge to others. Therefore, the government, institutions, professional and corporate bodies have a great role to play in this regard especially in subsidizing the training costs of the educators. The input and output of the tertiary education system have a huge impact on the success of IFRS implementations in Nigerian as a whole

The management of institutions, firm and organization seeks to establish rules and laws to guide how they relate to each other so as to reduce conflicts. This is the essence of regulations and management. Management is not effective if it is not supported by good and globally financial reporting standards. Orjioke (2002) is of the viewed that public companies, institutions etc, can achieve rapid growth and development if they are made to follow the regulation guiding financial reporting. To Ejike (2002) research into the regulation of financial regulation (FR) in financial institutions as well as the extent of their adoption of IFRS has been inadequate, thus necessitating a study such as this which seeks to find out whether the accountants, auditors and managements ensure the integrity and credibility of globally financial reporting system which is key to our economic transformation and growth, thus punctuating the fact that a problem does exist, which this study seeks to identify and proffer a solution.

The main objective of this study however is determining the extent to which adoption of international financial reporting standards (IFRS) can enhance financial reporting system in financial institutions with a focus on Guarantee trust bank. In more concise terms, the study seeks to:

1. Find out the extent the auditors, accountants, financial and management considered the implications of adopting IFRS in financial institutions and the economy at large.

2. Identify the extent to which accountants, auditors and management have an indepth understanding of the provisions of IFRS.

3. To appraise the overall impact of adoption of IFRS in Financial Institutions.

4. To identify the extent to which the adoption of IFRS can affect the profitability of banks.

5. To ascertain the areas of focus that accountants, auditors and financial analysts would considered in adopting IFRS.

Consequently, there are various accounting standards in the world, with each country adopting their unique and independent generally accepted accounting principles (GAAP). It allows firms to report their financial statements in accordance to the GAAP that applies to them. The complication lies within whether the firm does business in multiple countries. Furthermore issues of appraisal includes how investors can successfully deal with multiple standards, determining which standards are accurate, and how effective comparative analysis among firms can be carried out based on their financials. The answer to these pertinent questions lies within the adoption of the IFRS, as one of the most current global phenomenon.

As a result of the foregoing, the following hypothesis which is stated both in the null form was formulated and will be tested appropriately:

H_0: There will not be a significant impact on financial institutions in Nigeria, if international financial reporting standard is adopted.

It is not in doubt that financial reports serve as the most veritable means or avenues for assessing or evaluating organization's or corporate performance in a given accounting year. It is also not in doubt that compliance (or non compliance) with financial accounting standards and corporate legal requirements could have grave consequences for organizations and their reports. It is therefore necessary for every corporate body to adopt the global standards set for financial reporting. The implication of adhering to this is that more foreign investors will be attracted, there will be a better understanding of financial statements within and outside the country, and there will be reduction on cost for doing business.

Literature Review

Research into the adoption of IFRS has been growing over the last decades (Nwakaeze, 2012) and several authors have acknowledged that adherence to financial reporting standards requires organizations and institutions to change and adapt its corporate culture as part of the process of benefiting from adherence to these reporting standards. According to Olademeji (1995), if organizations or institutions fail to change their culture, then benefits derivable from adopting Financial Reporting standards will not be achieved. In support of this assertion, Olamide (2010) added that the major corporate collapses and related frauds which occurred in Nigeria and around the world in recent times, have raised doubts about the credibility of the operating and financial practices of institutions in Nigeria. As such this has stirred a number of professional and regulatory organizations/institutions to recommend reforms that will improve transparency in financial reporting system in order to increase audit quality and corporate practices. In many developed nations, the applications of sound financial system are not new unlike Nigeria where it is just evolving and still at the development stage.

Conceptual Framework

According to Umeugo I (2009) the revolution of accounting could be traced back to the everyday challenges of an organization to provide the relevant information for decisions that would keep organizational activities on a forward and consistent path. The records of the financial transactions of corporate organizations, whether private or public, are vital for their periodic performance evaluation.

It becomes even more of a fact, with the increased complexity of the economy and the massive growth of individual organizations. An attempt at knowing anything of significance about the operations and performance of multinational enterprise will simply be an impossible task to undertake, without a well-structured accounting system. In a sense, therefore, the development of the organizational platform has meant that accounting is indispensable to both large companies and small business enterprises alike.

Nigeria as a nation undertook to adopt International Financial Reporting Standards (IFRS) status as from 1st January 2012, and the transition requires a meticulously executed process in a logical manner to ensure smooth transition. It is equally important that the transition process should involve key stakeholders such as educators, professional bodies, preparers, users, regulators and auditors. The ability to identify the challenges that are likely to be faced and how to address such challenges would ensure a seemingly less cumbersome transition. First and foremost, government must clearly define the role of the Nigerian Accounting Standard Board (NASB) in the post adoption era. Presently, NASB is charged with the responsibility of issuing, interpreting and ensuring compliance of accounting standards in Nigeria. However, it is expedient that NASB be retained to play supervisory role and to ensure that reporting entities comply with IFRS.

Financial Reporting Regulations and Regulators in Nigeria

In the Arabian journal of business and management review, Ezeani and Oladele (2010) posited that there are various financial reporting regulations and regulators in Nigeria. The Regulatory Bodies Basically includes the following:

- ✓ The Corporate Affair Commission (CAC)
- ✓ The Nigeria Accounting Standard Boards (NASB) now Financial Reporting Council of Nigeria (FRCN)
- ✓ The National Insurance Commission (NAICOM)
- ✓ The Central Bank of Nigeria (CBN)
- ✓ The Security and Exchange Commission (SEC)

- ✓ The Nigeria Stock Exchange Commission (SEC)
- ✓ Institute of Chartered Accountants of Nigeria (ICAN)
- ✓ Nigeria Deposit Insurance Corporation (NDIC)

Other regulators include:

- ✓ The Companies and Allied Matters Act 1990 as Amended
- ✓ The Banks and other Financial Institutions Act (BOFIA 1991)
- ✓ The Insurance Act of 2003
- ✓ Investment and Security Act of 1999
- ✓ Companies Income Tax Act 2004 (as amended)
- ✓ Petroleum Profit Tax Act 2004
- ✓ Pension Reform Act 2004, and
- ✓ Federal Inland Revenue Service (Establishment) Act 2007
- ✓ The practice of accountancy profession globally is governed by sets of rules and guidelines. These rules and guidelines, however, are compiled into standard. There are two sets of standards governing the accounting practice in Nigeria. They include:
- ✓ International Standards - International Accounting Standards (IAS)
- ✓ Local Standards – Statement of Accounting Standards (SAS)

In recent times, the federal ministry of finance has noted that the search for global accounting standards as captured by the IFRS also has its roots in the global economic crisis when accounting profession came wider scrutiny and led to global questioning of accounts experience, integrity and existence of standards in the world of business. The ministry also advised that all other public interest entities are expected to mandatorily adopt IFRS for statutory purposes. This call for a better understanding and appreciation of the risks involved and would necessitate that financial statements prepared in Nigeria (irrespective of the sector) use global financial reporting benchmarks (Garuba et al, 2011).

Theoretical Framework

This study draws a lot of inference from the theory of the pure – impression – management model (PIMM) of accounting propounded by Keppler in 1995. The theory states that accountability serves as a linkage construct, by continually reminding people of the need to:

a) Act in accordance with the prevailing form and content of financial reporting.

b) Advance compelling, justification/excuses for conduct that deviate from the form and content of financial reporting. In the real sense, financial reporting cannot be accepted by general public or would – be investors if certain guidelines/standards that are generally expected are not followed and observed. This theory on the other hand, recognizes that uniformity and observance of relevant standards are meant for the smooth functioning of the public companies. This theory is relevant to the present study in that it focuses on behavioural aspect of accounting. Accountability is the missing link in the seemingly perpetual level – of analysis controversy, the connection between individual decision makers and the collectives within which they live and work. The concept accountability serves as a linkage construct by continually reminding people of the need to:

a. Act in accordance with the prevailing norms.

b. Advance compelling justifications or excuses for conducts that deviates from those norms.

The PIMM recognizes that a large measure of trust and self-accountability is necessary for the smooth functioning of institutions. Therefore, if PIMM of accountability is properly utilized by the management of companies or institutions in Nigeria, it will fetch a good result on public accountability.

Empherical Model and impact of IFRS on Financial Institutions

The adoption of IFRS has several benefits as evidenced by previous studies carried out by several scholars some of which include the following: (Leuz and Verrecchiia, 2000): decreased cost of capital, (Bushman and Piotroski,2006): efficiency of capital allocation, (Young and Guenther, 2008): international capital mobility, (Ahmed,2011): capital market development (Adekoya,2011): increased market liquidity and value (Okere,2009):enhanced comparability (Bhattacharjee and Hossain 2010): cross border movement of capital, (Mike,2009)improved transparency of results. The potential benefits that financial institutions in Nigeria stands to gain after IFRS adoption are seen in the light of:

1. Promotion of the compilation of meaningful data on the performance of various reporting entities at both public and private levels in Nigeria thereby encouraging comparability, transparency, efficiency and reliability of financial reporting in Nigeria.

2. Assurance of useful and meaningful decisions on investment portfolio in Nigeria. Investors can easily compare financial results of corporation and make investment decisions.

3. Attraction of direct foreign investment. Countries attract investment through greater transparency and a lower cost of capital for potential investors. For example, cross-border listing is greatly facilitated by the use of IFRS.

4. Assurance of easier access to external capital for local companies.

5. Reduction of the cost of doing business across borders by eliminating the need for supplementary information from Nigerian companies.

6. Facilitation or easy consolidation of financial information of the same company with offices in different countries. Multinationals companies avoid the hassle of restating their accounts in local GAAPs to meet the requirements of national stock exchange and regulators, making the consolidation of accounts of foreign subsidiaries easier and lowering overall cost of financial reporting.

7. Easier regulation of financial information of entities in Nigeria.

8. Enhanced knowledge of global financial reporting standards by tertiary institutions in Nigeria.

9. Additional and better quality financial information for shareholders and supervisory authorities.

10. Government to be able to better access the tax liabilities of multinational companies. It is believed that IFRS, when adopted worldwide, will benefit investors and other users of financial statements by reducing the cost of investments and increasing the quality of the information provided. Additionally, investors will be more willing to provide financing with greater transparency among different firms' financial statements.

Risk Expert and Chairman, IFRS Interpretations Committee, at the International Accounting Standard Board (IASB), Bob Garnett said harmonizing the IFRS and Basel Accords will give Nigerian banks' financials better credibility. He said the global knowledge and expertise reduces the risks of getting things wrong, adding that the adoption of the model will further enhance transparency and facilitate the restoration of investors' confidence in the on-going efforts to sanities and rebuild the financial services sector. He further opined that adopting a common IFRS framework will make it easier for the banks to have unified accounting assessment. He, however, further maintained that the introduction of IFRS was not meant to stop crooks or fraudulent bank managers from executing their plans. It is simply a statement and commitment by a firm to abide by international laws.

According to Bob Garnett, it is wrong to think that by signing into the IFRS operational modalities, frauds and malpractices in the system will be stopped. As such he stated that "The IFRS does not stop fraud and malpractices in the system, but represents a significant improvement by the firm to abide by international laws. The standard does not stop crooks. It is simply an acceptance to adhere to international laws and best practices". Nevertheless, he admitted that accounting has become less risky than it was before the introduction of IFRS.

Role of IFRS adoption on financial institutions in Nigeria

As quoted and public interest companies strive to meet the deadline set by the Federal Government for the adoption of International Financial Reporting Standard (IFRS), financial and management consultants have started taking a look at the short-to-medium term impact of the target on the Nigerian economy. Innocent Okwuosa (2011), opined that the adoption of IFRS in Nigeria will drive Foreign Direct Investment (FDI) into Nigeria. The IFRS would result in a more transparent financial statement with greatly improved disclosure, thereby giving foreign investors a better understanding of the financial transactions and by extension financial performance, position and future cash flows of corporate entities in Nigeria. This will therefore lead to a lower risk perception for companies operating in Nigeria, and will make it more comfortable for international investors to invest in Nigeria. Thus one of the impacts of IFRS adoption on foreign direct inflow into Nigeria is that it opens up avenue for more foreign direct investment.

The importance of compliance also stems from the fact that world economies have become more interconnected and symbiotic, such that nations are desirous of moving forward by freeing themselves from the limits of the present system of financial reporting standards. As a result of globalization, a number of Nigerian companies have raised capital from international stock markets and others established presence in other jurisdictions while a good number of Nigerians hold the securities of non-Nigeria issuers. For a better understanding and appreciation of the risks and consequently, making decisions about the flow of economic capital, it makes sense that financial statements prepared in Nigeria use global financial reporting benchmarks

According to Nobes and parker (2004), some of the reasons adduced for the emergence of accounting standards and in particular international accounting standards include the following:

i) The disparities that attended financial reports of similar organisations prepared with different methods or approaches General Electric Company (GEC) and Association Electric Industries (AEI) prior to accounting standards.

ii. The growth of multinational enterprises (MNEs)

iii. The growth of the accounting profession and the need for a harmonized set of rules for the profession.

iv. The growth of international auditing firms.

v. The diverse nature of shareholding in corporate undertakings and the need to safeguard their investments. Some if not all of these reasons above accounted for the processes that led to the establishment of the international financial reporting standards and these also necessitated the adoption by guarantee trust bank.

Historical background of Guaranty Trust Bank and IFRS adoption

Guaranty Trust Bank plc was incorporated as a limited liability company licensed to provide commercial and other banking services to the Nigerian public in 1990. The Bank commenced operations in February 1991, and has since then grown to become one of the most respected and service focused banks in Nigeria.

In September 1996, Guaranty Trust Bank plc became a publicly quoted company and won the Nigerian Stock Exchange President's Merit award that same year and subsequently in the years 2000, 2003, 2005, 2006, 2007, 2008 and 2009. In February 2002, the Bank was granted a universal banking license and later appointed a settlement bank by the Central Bank of Nigeria (CBN) in 2003.

Guaranty Trust Bank undertook its second share offering in 2004 and successfully raised over N11 billion from Nigerian Investors to expand its operations and favourably compete with other global financial institutions. This development ensured the Bank was satisfactorily poised to meet the N25 billion minimum capital base for banks introduced by the Central Bank of Nigeria in 2005, as part of the regulating body's efforts to sanitize and strengthen Nigerian banks.

Post-consolidation, Guaranty Trust Bank plc made a strategic decision to actively pursue retail banking. A major rebranding exercise followed in June 2005, which saw the Bank emerge with improved service offerings, an aggressive expansion strategy and its vibrant orange identity.

In 2007, the Bank entered the history books as the first Nigerian financial Institution to undertake a US$350 million regulation S Eurobond issue and a US$750 million Global Depositary Receipts (GDR) Offer. The listing of the GDRs on the London Stock Exchange in July that year made the Bank the first Nigerian Company and African Bank to be listed on the main market of the London Stock Exchange.

In December 2009, Guaranty Trust Bank successfully completed the first tranche of its $200 million corporate bond targeted at increasing the depth of its operations in West Africa and Europe in the next couple of years.

In May 2011, the Bank successfully launched a US$500 million bond - the first non-sovereign benchmark bond offering from sub-Saharan Africa (outside South Africa), to the international community. The highly successful offering which matures in 2016, went further to show the international finance community's believe in the GTBank brand.

Challenges of IFRS adoption in Financial Institutions

The practical challenges that is being faced in Nigeria as a result of the implementation of IFRS needs to be identified and addressed in order to benefit fully from the introduction of IFRS. These challenges have been evidenced by previous studies conducted by scholars such as: (Alp and Ustundag,2009): potential knowledge shortfall, (Li and Meeks, 2006): legal system effect, (Shleifer and Vishny, 2003): tax system effect, (Irvine and Lucas, 2006): education and training, (Martins, 2011): enforcement and compliance mechanism. The challenges are discussed as follows:

1. Level of Awareness

The transition plan to IFRS and its implications for preparers and users of financial statements, regulators, educators and other stakeholders have to be effectively coordinated and communicated. This should include raising awareness on the potential impact of the conversion, identifying regulatory synergies to be derived and communicating the temporary impact of the transition on business performance and financial position. The implementation of IFRS requires considerable preparation both at the country and entity levels to ensure coherence and provide clarity on the authority that IFRS will have in relation to other existing national laws.

2. Accounting Education and Training

Practical implementation of IFRS requires adequate technical capacity among preparers and users of financial statements, auditors and regulatory authorities. Countries that implemented IFRS faced a variety of capacity-related issues, depending on the approach they took. One of the principal challenges Nigeria is encountering in the practical implementation process, is the shortage of accountants and auditors who are technically competent in implementing IFRS. Usually, the time lag between decision date and the actual implementation date is not sufficiently long to train a good number of professionals who could competently apply international standards.

3. Training Resources

Professional accountants are looked upon to ensure successful implementation of IFRS. Along with these accountants, government officials, financial analysts, auditors, tax practitioners, regulators, accounting lecturers, stock-brokers, preparers of financial statements and information officers are all responsible for smooth adoption process. Training materials on IFRS are not readily available at affordable costs in Nigeria to train such a large group which poses a great challenge to IFRS adoption.

4. Tax Reporting

The tax considerations associated with the conversion to IFRS, like other aspects of a conversion, are complex. IFRS conversion calls for a detailed review of tax laws and tax administration. Specific taxation rules would have to be redefined to accommodate these adjustments .For instance, tax laws which limit relief of tax losses to four years should be reviewed. This is because transition adjustments may result in huge losses that may not be recoverable in four years. Accounting issues that may present significant tax burden on adoption of IFRS, include determination of Impairment, Loan loss provisioning and Investment in Securities/Financial Instruments.

5. Amendments to Existing Laws

In Nigeria, accounting practices are governed by the Companies and Allied Matters Act (CAMA) 1990, and the Statement of Accounting Standards (SAS) issued by the Nigerian Accounting Standards Board (NASB) and other existing laws such as Nigerian Stock Exchange Act 1961, Nigerian Deposit Insurance Act 2006, Banks and Other Financial Institution Act 1991, Investment and Securities Act 2007, Companies Income Tax Act 2004, Federal Inland Revenue Services Act 2007. All these provide some guidelines on preparation of financial statements in Nigeria. IFRS does not recognize the presence of these laws and the accountants have to follow the IFRS fully with no overriding provisions from these laws. Nigerian law makers have to make necessary amendments to ensure a smooth transition to IFRS.

Managing Director, IFRS Strategic Consultants Nigeria Limited, David Raggay stated the key areas that will pose challenges to banks in implementing the IFRS. Already, he said many quoted companies; particularly banks have reported their financials in IFRS as evidenced in their first-quarter 2012 financials submitted at the Nigerian Stock Exchange (NSE). While more results are expected, there are things investors and analysts should look out for. He said accounting for financial instruments is one of the more challenging areas of IFRS. Banks are likely to also encounter problems in areas such as income taxes, employee benefits, business combinations and share-based payments.

Raggay said for financial instruments, the difficulties arise as a result of mixed-measurement model promulgated under the relevant standards. For instance, there are four standards in issue by the IASB, which relates to financial instruments. They are: IAS 32 Financial Instruments: Presentation; IAS 39 Financial Instruments: Recognition and Measurement; IFRS 7 Financial Instruments: Disclosures; and IFRS 9 Financial Instruments.

Methodology

By means of historical and descriptive research design, this study examined the impact of the adoption of FIRS among Nigerian Banks. The choice of this design was due to the fact that the researcher perceived it appropriate because of the need to have comparative and in-depth assessment of the issue in question.

The population of the study consisted of top management and middle level management staff of Guaranty Trust Bank in Abuja – FCT. The primary data were obtained through the use of a well structured questionnaire administered to the respondents, while the secondary data were obtained from the annual financial statements of the banks, as well as from files, relevant document, memos, tax laws, bank pamphlet reporting standards, journals, gazette, and financial columns of National dailies.

Result and Discussions

The analyses and interpretation of data obtained from both primary and secondary sources are brought under review so as to answer the pertinent questions and test relevant hypotheses stated earlier in chapter one of this study.

A total of 40 questionnaires were administered to top level management and middle level management of guarantee trust bank. Questionnaires were completed adequately and retrieved. Data collected are analyzed and presented as shown below.

TABLE 1: Gender distribution of respondents.

RESPONSES	FREQUENCY	PERCENTAGE	VALID PERCENTAGE	CUMULATIVE PERCENTAGE
MALE	21	52.5%	52.5	52.5
FEMALE	19	47.5%	47.5	100%
TOTAL	40	100%	100%	

SOURCE: FIELD SURVEY, 2014.

INTERPRETATION: The table above shows that 52.5% of the respondents are male while the remaining 47.5% are female. This indicates that the male respondents contributed more to the study.

TABLE 2: Age distribution of respondents

RESPONSES	FREQUENCY	PERCENTAGE	VALID PERCENTAGE	CUMULATIVE PERCENTAGE
Below 30 years	23	57.5%	57.5	57.5
31-40 years	10	25%	25	82.5
41-50 years	7	17.5%	17.5	100%
Total	40	100%	100%	

SOURCE: Field survey, 2014.

INTERPRETATION: The table 57.5% reveals that of the respondents are below age 30, 25% are within the ages of 31-40, and 17.5% are within the ages of 41-50.

TABLE 3: Banking experience of respondents

RESPONSES	FREQUENCY	PERCENTAGE	VALID PERCENTAGE	CUMULATIVE PERCENTAGE
Less than 5 years	8	20%	3	14.28%
5 – 10years	7	17.5%	7	33.33%
10-15 years	25	62.5%	6	28.57%
Total	40	100%	5	23.80%

SOURCE: FIELD SURVEY, 2014.

INTERPRETATION: The table above reveals that 20% respondents have less than 5 years work experience in the bank, 17.5% respondents have 5-10 years work experience with the bank while 62.5% respondents have 10-15 years banking experience.

TABLE 4: Educational Qualification of respondents

RESPONSES	FREQUENCY	PERCENTAGE	VALID PERCENTAGE	CUMULATIVE PERCENTAGE
OND/NCE	5	12.5%	12.5	12.5
B.SC/HND	10	25%	25	37.5
M.SC./MBA	25	62.5%	62.5	100%
TOTAL	60	100%	100%	

SOURCE: FIELD SURVEY, 2014.

INTERPRETATION: The table above shows that 12.5%of the respondents have OND/NCE, 25% of the respondents have B.SC/HND, While 62.5% of the respondents have M.SC./MBA.

TABLE 5: Management Level of respondents

RESPONSES	FREQUENCY	PERCENTAGE	VALID PERCENTAGE	CUMULATIVE PERCENTAGE
Top level management	10	25%	25	25
Middle level management	11	27.5%	27.5	52.5
Low level management	19	47.5%	47.5	100%
TOTAL	40	100%	100%	

SOURCE: FIELD SURVEY, 2014.

INTERPRETATION: This table shows that 25% of the respondents are top level managers, 27% are middle level managers while 47.5% are low level managers.

Answering the research questions

TABLE 6: Adoption of FIRS impacts positively on performance of Nigerian banks

RESPONSES	FREQUENCY	PERCENTAGE	VALID PERCENTAGE	CUMULATIVE PERCENTAGE.
STRONGLY DISAGREE	0	0%	0	0
DISAGREE	0	0%	0	0
UNDECIDED	0	0%	0	0
AGREE	13	32.5%	32.2	32.2
STRONGLY AGREED	27	67.5%	67.5	100%
TOTAL	40	100	100%	

SOURCE: FIELD SURVEY, 2014.

INTERPRETATION: The table above shows that 32.5% of the respondents agreed while 67.5% strongly agreed that the adoption of international financial reporting standards will impact positively on the performance of Nigerian Banks.

TABLE 7: International financial reporting standard has a positive impact on the banks profitability

RESPONSES	FREQUENCY	PERCENTAGE	VALID PERCENTAGE	CUMULATIVE PERCENTAGE
STRONGLY DISAGREE	0	0%	0	0
DISAGREE	0	0%	0	0
UNDECIDED	4	10%	10	10
AGREE	16	40%	40	50
STRONGLY AGREED	20	50%	50	100%
TOTAL	40	100%	100%	

SOURCE: FIELD SURVEY, 2014.

INTERPRETATION: The table above shows that 10% are undecided, 40% agreed, and 50% strongly agreed that the adoption policy has positive impact on the banks profitability.

TABLE 8: Adoption of IFRS by Banks has resulted in increased foreign direct investment.

RESPONSES	FREQUENCY	PERCENTAGE	VALID PERCENTAGE	CUMULATIVE PERCENTAGE
STRONGLY DISAGREE	4	10%	10%	10
DISAGREE	**2**	5%	5%	15
UNDECIDED	**3**	7.5%	7.5%	22.5
AGREE	**19**	47.5%	47.5%	70
STRONGLY AGREED	**12**	30%	30%	100
TOTAL	**40**	100%	100%	

SOURCE: FIELD SURVEY, 2014.

INTERPRETATION: The table above shows that 10% of the respondents strongly agreed, 5% disagreed, 7.5% were undecided, 47% agreed while 30% strongly agreed that the adoption of IFRS by Nigerian has resulted in the inflow of foreign direct investment.

TABLE 9: Adoption of IFRS has led to improved financial reporting in financial institutions.

RESPONSES	FREQUENCY	PERCENTAGE	VALID PERCENTAGE	CUMULATIVE PERCENTAGE
STRONGLY DISAGREE	2	5.13%	5.13	5.13
DISAGREE	5	12.82%	12.82	17.95
UNDECIDED	6	15.38%	15.38	33.33
AGREE	19	48.72%	48.72	82.05
STRONGLY AGREED	8	17.95%	17.95	100.0%
TOTAL	40	100%	100%	

SOURCE: FIELD SURVEY, 2014.

INTERPRETATION: The table above shows that 42.5% of the respondents agreed while 57.5% strongly agreed that there has been an improvement in financial reporting since the introduction of IFRS in financial institutions.

From the foregoing, the impact of the adoption of international financial reporting standard by financial institutions (most especially Nigerian banks) cannot be overemphasized considering that there is a positive impact of the adoption on their operations. The analysis above shows clearly that there is a positive relationship between IFRS adoption and improved performance of Nigerian banks. IFRS adoption has show some level of uniformity and comparability, as well as the ease on interpretation of financial statements of financial statements. This will in no small measure boosted the investors' confidence and lead to cross border financial transaction. The IFRS adoption will equally enhance international accounting as a sub discipline within the field of accountancy (Glautier & Underdown, 2001). The survey also revealed that the adoption of IFRS will promote companies' access to global capital markets thereby exposing them to cross-border investments.

Conclusion and Recommendation

In today's world particularly in financial institutions, business are conducted in environment of economic crisis and highly complex technology, thereby compelling businesses to adopt more improved methods of financial reporting since sound financial reporting is needed in other for any financial institution to survive.

Thus the major conclusions of the adoption of IFRS by Nigerian banks are summarized as below:

1) There is a significant relationship between adoption of IFRS by Nigerian Banks and foreign direct investment in Nigeria.

2) The adoption of IFRS will increased the level of confidence of global investors and investment analysts in the financial statements of companies in Nigeria.

3) The adoption of IFRS is an effective tool for enhancing the uniformity and comparability of financial statements of companies in Nigeria.

4) That quoted companies which have adopted IFRS will be able to generate more funds from foreign sources.

5) Adoption of IFRS will greatly impact on the overall performance of Nigerian Banks.

Above all it is concluded that the adoption of IFRS is a right step in the right direction. Although there are challenges facing the implementation, the benefits outweigh the challenge. With the adoption, Nigerian Banks will produce a more credible financial statements that will not only be uniformed but also provide a basis for better interpretation. This invariably will boost investor's confidence and attract cross border financial transactions which itself is the basis for economic growth.

Consequently, based on the research findings of this study, the following recommendations are hereby made.

Government and the regulators should ensure that there is availability of training facilities and materials for professional accountants on the concept of IFRS and issues relating to its implementation and conversion. Compliance with IFRS timetable should be mandatory and failure should be marched with appropriate sanctions.

More funds should be released to Federal Reporting Council to educate all stakeholders with special reference to the academic, staff and students who will uphold the future development of IFRS in the country.

Professional accounting bodies in Nigeria should make IFRS training a part of MCPE at a reduce cost. While monitoring the IFRS implementation timetable, the government, the Central Bank of Nigeria and other regulatory bodies should ensure that ethical environment and corporate transparency are observed.

IFRS implementation in Nigeria is generally accepted and necessary. The time frame as it currently stands is perceived to be aggressive but all stakeholders agreed that all hands must be on deck to make the adoption and transition process successful.

There is need for regulatory guidelines for effective implementation especially during the transition period. For example, the FRC/NASB needs to provide clarity regarding early-adoption of IFRS, considering that a few banks are already reporting under IFRS in Nigeria.

The need for regulators to communicate IFRS implementation plans to operators and the market and also for operators to ensure detailed line-by-line impact analysis is communicated to the Board, investors, shareholders and regulators.

Intensification of training and capacity building focused on the entire organisation rather than on finance resources only. For example, members of the board who sign financial statements need to have a broad understanding of IFRS. Business heads need to be involved to ensure they understand the impact of increased disclosure requirements on their business.

Education of users of financial statements such as shareholders, customers, analyst, etc is equally important and critical to ensure that financials restated to IFRS standards do not confuse and create a crisis of confidence due to likely volatility in banks balance sheets and earnings. Different banks are at different stages of implementation of IFRS in Nigeria. The regulators (CBN & FRC) should conduct practical and substantive assessment of state of readiness of each bank to ensure implementation challenges are identified early and mitigating steps put in place to address them. Common issues should be shared with operators in the industry.

There is a need for review of existing legislation to prevent expensive and avoidable litigation. E.g. CAMA expressly mentioned that financial statements in Nigeria should be prepared using local Statements of Accounting Standards (SAS) issued by the NASB. By implication, the relevant tax laws recognizes only financial statements so prepared, now that those sections have not been repealed, what effect will this have on 2011 as a comparative to 2012 (for example). Such reviews are required for effective harmonization.

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