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Impact Of International Financial Reporting Standards Adoption On Financial Reporting Quality: Evidence From Union Bank Of Nigeria Plc

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Abstract: *The adoption of International Financial Reporting Standards (IFRS) has transformed financial reporting practices by promoting transparency, comparability, and accountability across global financial markets. Despite Nigeria's mandatory adoption of IFRS, empirical evidence regarding its effectiveness in enhancing financial reporting quality within individual deposit money banks remains inconclusive. This study investigated the impact of IFRS adoption on financial reporting quality in Union Bank of Nigeria Plc. Specifically, the study examined the influence of IFRS adoption on transparency and disclosure quality, earnings management, and the value relevance of accounting information. An ex-post facto research design was employed using secondary data extracted from the audited annual financial statements of Union Bank of Nigeria Plc covering the period 2012–2024. Analysis of Variance (ANOVA) was used to test the hypotheses at a 5% level of significance. The findings indicate that IFRS adoption significantly improved disclosure quality and transparency, reduced earnings management, and enhanced the value relevance of accounting information throughout the study period. The study concludes that IFRS adoption has substantially improved financial reporting quality by strengthening the credibility, reliability, and decision usefulness of financial statements. It recommends stronger regulatory enforcement, continuous professional training, improved corporate governance practices, and periodic review of compliance mechanisms to sustain the benefits of IFRS implementation in the Nigerian banking sector.*

Keywords*: International Financial Reporting Standards, Financial Reporting Quality, Transparency, Earnings Management, Value Relevance, Deposit Money Banks, Nigeria.*

Introduction

The increasing globalization of financial markets has intensified the demand for a common financial reporting framework capable of producing transparent, comparable, and high-quality financial information across national boundaries. Investors, creditors, regulators, and other stakeholders increasingly require financial statements that faithfully represent an organization's financial position and performance while facilitating cross-border investment decisions. Consequently, the adoption of International Financial Reporting Standards (IFRS) has become one of the most significant accounting reforms implemented worldwide over the past two decades (Ames, 2024; Hassan & Karim, 2025).

Financial reporting quality remains a fundamental determinant of market efficiency because investment decisions largely depend on the credibility and usefulness of accounting information. High-quality financial reports reduce information asymmetry between corporate managers and stakeholders, enhance investor confidence, improve capital allocation efficiency, and strengthen corporate accountability (Chen et al., 2024). Conversely, poor-quality financial reporting increases uncertainty, weakens investor confidence, encourages opportunistic managerial behavior, and may ultimately threaten financial stability.

International Financial Reporting Standards were developed by the International Accounting Standards Board (IASB) to establish a globally accepted accounting framework capable of improving the consistency, comparability, transparency, and reliability of financial reporting across jurisdictions. Since its introduction, more than 140 countries have either adopted or substantially converged with IFRS, making it the dominant financial reporting framework globally (IASB, 2025). The standards emphasize principles-based accounting, comprehensive disclosure requirements, fair value measurement, and enhanced transparency, thereby improving the decision usefulness of financial statements (Kouki & Ben Othman, 2024).

Nigeria officially adopted IFRS in 2012 following the roadmap issued by the Financial Reporting Council of Nigeria (FRCN). The adoption represented a significant transition from the former Statements of Accounting Standards (SAS) to internationally recognized accounting standards. The primary objectives included improving financial reporting quality, enhancing investor confidence, attracting foreign direct investment, facilitating cross-border financing, and strengthening corporate governance within Nigerian organizations. Since then, all deposit money banks have been required to prepare their financial statements in accordance with IFRS under the supervision of the Financial Reporting Council of Nigeria and the Central Bank of Nigeria.

The banking sector represents one of the most heavily regulated industries in Nigeria and plays a critical role in economic development through financial intermediation, capital mobilization, and monetary policy transmission. Because banks operate primarily on public confidence, the quality of their financial reporting directly influences investor trust, regulatory oversight, and financial system stability. Consequently, ensuring compliance with IFRS has become increasingly important for improving accountability and maintaining confidence in Nigeria's banking industry (Afolabi et al., 2023).
Financial reporting quality is commonly evaluated using dimensions such as transparency and disclosure quality, earnings management, faithful representation, timeliness, comparability, and value relevance. Transparency and disclosure quality reflect the extent to which financial statements provide complete, understandable, and decision-useful information to users. Earnings management measures the degree to which managers manipulate reported earnings through accounting discretion, while value relevance assesses the ability of accounting information to explain variations in market values and investment decisions (Olayinka & Adeyemi, 2024).
Recent international evidence generally suggests that IFRS adoption improves financial reporting quality by enhancing disclosure practices, reducing earnings manipulation, increasing comparability, and strengthening investor confidence (Lourenço et al., 2024; Ahmed & Ibrahim, 2025). However, several scholars argue that the effectiveness of IFRS depends largely on institutional quality, regulatory enforcement, audit effectiveness, corporate governance structures, and compliance culture within individual countries (Silva et al., 2024). Consequently, merely adopting IFRS does not automatically guarantee improvements in financial reporting quality.
Within Nigeria, empirical findings remain mixed. While several recent studies report significant improvements in transparency, disclosure quality, and accounting information following IFRS adoption (Adebayo & Olagunju, 2023; Okafor et al., 2024), other studies suggest that weak institutional enforcement, inconsistent compliance, inadequate professional expertise, and governance challenges continue to constrain the realization of IFRS benefits (Owolabi et al., 2025). Furthermore, many previous Nigerian studies have focused on listed firms or the banking sector as a whole, with limited firm-specific investigations capable of providing deeper insights into the implementation outcomes of individual financial institutions.
Union Bank of Nigeria Plc provides an appropriate context for investigating these issues because it is one of Nigeria's oldest and most established deposit money banks, with consistent compliance with IFRS reporting requirements and publicly available audited financial statements spanning several years. Examining the experience of Union Bank provides an opportunity to evaluate whether IFRS adoption has translated into measurable improvements in financial reporting quality at the institutional level.
Against this background, this study examines the impact of International Financial Reporting Standards adoption on financial reporting quality in Union Bank of Nigeria Plc. Specifically, the study evaluates whether IFRS adoption has improved transparency and disclosure quality, reduced earnings management, and enhanced the value relevance of accounting information over the period 2012–2024.
The study was guided by the following hypotheses:
$H0_1$: IFRS adoption has no significant effect on transparency and disclosure quality in Union Bank of Nigeria Plc.
$H0_2$: IFRS adoption has no significant effect on earnings management in Union Bank of Nigeria Plc.
$H0_3$: IFRS adoption has no significant effect on the value relevance of accounting information in Union Bank of Nigeria Plc.
The findings are expected to contribute to the growing body of literature on financial reporting reforms in emerging economies while providing evidence that may assist regulators, policymakers, accounting professionals, investors, and corporate managers in strengthening IFRS implementation and improving financial reporting practices within Nigeria's banking sector.

2. Literature Review

2.1 International Financial Reporting Standards and Financial Reporting Quality

The adoption of International Financial Reporting Standards (IFRS) represents one of the most significant accounting reforms undertaken to improve the quality, comparability, and transparency of financial reporting across jurisdictions. IFRS establishes a globally accepted principles-based accounting framework that seeks to provide investors, creditors, regulators, and other stakeholders with high-quality financial information for economic decision-making. Since its widespread adoption, considerable scholarly attention has been devoted to examining whether IFRS has actually enhanced financial reporting quality, particularly in emerging economies where institutional environments differ considerably from those of developed countries. Recent evidence indicates that while IFRS generally improves financial reporting quality, its effectiveness depends substantially on institutional quality, regulatory enforcement, corporate governance mechanisms, and audit quality.
Financial reporting quality refers to the extent to which financial statements faithfully represent an entity's economic activities and provide useful information for decision-making. According to recent accounting literature, financial reporting quality encompasses characteristics such as relevance, faithful representation, comparability, verifiability, timeliness, and understandability. These qualitative characteristics improve stakeholders' confidence by reducing information asymmetry and enhancing the credibility of reported financial information (Adeusi, 2024).
Unlike rule-based accounting systems, IFRS adopts a principles-based approach that allows accountants to apply professional judgment while remaining faithful to the economic substance of transactions. This approach encourages comprehensive disclosure, enhances transparency, and promotes consistency in financial reporting across different industries and countries. Nevertheless,

scholars emphasize that professional judgment must be supported by effective regulatory oversight to prevent opportunistic financial reporting practices.

Recent systematic reviews reveal that IFRS adoption has generally contributed to improved accounting quality through enhanced disclosure practices, reduced earnings manipulation, increased comparability of financial statements, and stronger investor confidence. However, these benefits are considerably stronger in countries with effective legal systems, independent regulatory institutions, strong corporate governance, and high-quality auditing practices. Consequently, the adoption of IFRS alone is insufficient; successful implementation requires complementary institutional reforms that strengthen compliance and enforcement.

2.2 Transparency and Disclosure Quality

Transparency is widely regarded as one of the principal objectives of IFRS. Transparent financial reporting enables investors and other users of financial statements to understand the economic reality of organizations, thereby facilitating efficient resource allocation within capital markets. IFRS requires organizations to provide comprehensive disclosures relating to accounting policies, financial instruments, estimates, assumptions, risk exposures, and fair value measurements.

Recent studies suggest that IFRS adoption has substantially improved disclosure quality by expanding mandatory reporting requirements and reducing discretionary disclosure practices. Enhanced disclosure reduces information asymmetry between managers and investors while improving market confidence in published financial statements. Greater transparency also enables regulators to monitor corporate performance more effectively and reduces opportunities for financial misrepresentation.

However, recent literature equally observes that disclosure quality depends not only on accounting standards but also on management commitment, board effectiveness, external audit quality, and enforcement mechanisms. In jurisdictions where enforcement remains weak, organizations may comply formally with IFRS requirements while providing disclosures that remain insufficient for effective decision-making. Therefore, transparency under IFRS should be viewed as the combined outcome of accounting standards and institutional governance.

2.3 Earnings Management

Earnings management continues to receive considerable attention because it directly influences the credibility and reliability of financial reporting. Earnings management refers to deliberate managerial intervention in financial reporting processes with the objective of achieving desired accounting outcomes while remaining within the boundaries of accounting standards.

The transition from domestic accounting standards to IFRS was partly motivated by the need to reduce managerial discretion and improve the faithful representation of financial information. Through stronger disclosure requirements, fair value measurements, and comprehensive recognition criteria, IFRS limits opportunities for aggressive accounting practices that may distort reported earnings.

Contemporary evidence generally supports the proposition that IFRS adoption reduces earnings management, particularly when implementation is accompanied by effective corporate governance, independent external auditing, and strict regulatory monitoring. Nevertheless, recent reviews conclude that accounting standards alone cannot eliminate earnings manipulation because managers may continue exploiting estimation uncertainties where monitoring remains inadequate. Consequently, audit quality and institutional enforcement remain essential complements to IFRS implementation.

2.4 Value Relevance of Accounting Information

Value relevance refers to the extent to which accounting information explains variations in investors' valuation of firms. Financial statements possessing high value relevance provide useful information that assists investors in assessing organizational performance, future cash flows, and investment opportunities.

IFRS emphasizes fair value accounting, enhanced disclosure requirements, and improved recognition principles that collectively increase the usefulness of accounting information within capital markets. Recent empirical evidence indicates that IFRS adoption generally strengthens the association between accounting numbers and market valuations because investors perceive IFRS-compliant financial statements as more credible, transparent, and internationally comparable.

Nevertheless, researchers acknowledge that improvements in value relevance vary considerably across countries due to differences in legal systems, investor protection mechanisms, market efficiency, and institutional quality. Emerging economies frequently experience slower improvements because capital market development and enforcement institutions remain relatively weak compared to developed economies. Therefore, maximizing the value relevance of accounting information requires both effective IFRS implementation and broader institutional reforms that strengthen financial market confidence.

2.5 Synthesis of Recent Empirical Literature

Recent empirical studies consistently indicate that IFRS adoption has contributed positively to financial reporting quality through improvements in transparency, disclosure quality, comparability, and investor confidence. Systematic and bibliometric reviews published during 2024 demonstrate a growing international consensus that IFRS enhances accounting quality while simultaneously identifying enforcement quality, audit effectiveness, ownership structure, and corporate governance as critical determinants of successful implementation.

Despite this broad consensus, the literature also reveals important inconsistencies. While many studies report significant reductions in earnings management following IFRS adoption, others find that managerial opportunism persists where regulatory enforcement is weak. Similarly, improvements in value relevance are more pronounced in countries with mature capital markets than in developing economies characterized by institutional weaknesses. These divergent findings suggest that IFRS should not be viewed as an independent determinant of financial reporting quality but rather as part of a broader institutional framework that includes governance, auditing, enforcement, and investor protection.

Another notable gap concerns the predominance of cross-country and industry-wide analyses. Comparatively few studies provide detailed evidence from individual Nigerian deposit money banks over extended periods following IFRS adoption. This limitation constrains understanding of how IFRS implementation influences financial reporting quality within specific organizational contexts. Accordingly, the present study contributes to the literature by providing firm-level evidence from Union Bank of Nigeria Plc using post-adoption financial reporting data for 2012–2024, thereby extending existing knowledge on IFRS implementation within Nigeria's banking industry.

2.6 Theoretical Framework

This study is anchored on Agency Theory and Stakeholder Theory, both of which provide a robust theoretical foundation for explaining how the adoption of International Financial Reporting Standards (IFRS) influences financial reporting quality. The theories explain the incentives for transparent financial reporting, reduction of information asymmetry, and enhancement of stakeholders' confidence in corporate financial disclosures.

2.6.1 Agency Theory

Agency Theory was originally developed by Jensen and Meckling (1976) and remains one of the most influential theories in accounting and corporate governance research. The theory explains the contractual relationship between shareholders (principals) and managers (agents), where managers are entrusted with the responsibility of managing organizational resources on behalf of shareholders. Because managers possess superior information regarding the firm's operations, information asymmetry may arise, creating opportunities for managers to pursue personal interests at the expense of shareholders.

Recent accounting literature argues that information asymmetry remains one of the major causes of poor financial reporting quality, earnings manipulation, and reduced investor confidence. Contemporary studies have shown that managers may intentionally manipulate accounting information through discretionary accruals, income smoothing, and selective disclosures to maximize bonuses, secure employment, or achieve other personal objectives (Al-Matari & Mgammal, 2023; Li, Wang, & Zhao, 2024).

The adoption of IFRS has been identified as an important institutional mechanism for reducing agency conflicts because it establishes internationally recognized accounting principles that improve disclosure requirements, strengthen transparency, and reduce managerial discretion in financial reporting. IFRS requires extensive disclosures relating to accounting policies, financial instruments, fair value measurements, and risk exposures, thereby limiting managers' ability to conceal relevant financial information (IASB, 2025).

Recent empirical evidence suggests that IFRS implementation contributes significantly to reducing agency costs by improving financial reporting transparency, enhancing comparability across firms, and strengthening investor confidence. However, scholars equally emphasize that the effectiveness of IFRS depends on strong regulatory enforcement, effective corporate governance mechanisms, and independent external auditing capable of ensuring compliance with reporting standards (Silva, Costa, & Pereira, 2024).

Within the Nigerian banking industry, Agency Theory provides an appropriate explanation because deposit money banks operate under significant separation of ownership and management. Managers possess considerably more financial information than shareholders, regulators, and depositors. Consequently, the adoption of IFRS is expected to reduce information asymmetry by improving disclosure quality, reducing earnings management, and enhancing the credibility of financial reports prepared by banks such as Union Bank of Nigeria Plc.

Therefore, Agency Theory predicts that effective implementation of IFRS should significantly improve financial reporting quality through increased transparency, enhanced accountability, reduced managerial opportunism, and improved investor confidence.

2.6.2 Stakeholder Theory

Stakeholder Theory was developed by Freeman (1984) and has continued to evolve as one of the dominant theories explaining corporate accountability and financial reporting. Unlike Agency Theory, which primarily focuses on shareholders, Stakeholder Theory argues that organizations owe responsibilities to a broader range of stakeholders, including investors, employees, customers, creditors, suppliers, regulators, governments, local communities, and society at large.

Recent literature emphasizes that organizations increasingly operate within environments where stakeholders demand greater accountability, transparency, environmental responsibility, and comprehensive corporate disclosures. Consequently, financial reporting has evolved beyond merely satisfying shareholders' information needs to providing reliable information that supports decision-making by all stakeholder groups (Nguyen & Tran, 2024).

International Financial Reporting Standards support this broader accountability objective by promoting transparent, relevant, comparable, and understandable financial reporting. IFRS requires entities to disclose sufficient information regarding financial performance, financial position, accounting policies, risk management practices, and future uncertainties, thereby enabling stakeholders to make informed economic decisions (IASB, 2025).

Recent studies indicate that organizations implementing IFRS generally experience higher stakeholder confidence because improved disclosure quality reduces uncertainty and enhances corporate credibility. Comprehensive financial reporting also facilitates regulatory oversight, improves access to capital markets, lowers financing costs, and strengthens organizational reputation among investors and creditors (Adeusi, 2024; Hassan & Karim, 2025).

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Within Nigeria's banking sector, Stakeholder Theory is particularly relevant because banks interact with diverse stakeholder groups, including depositors, shareholders, creditors, financial regulators, employees, and the general public. Public confidence constitutes one of the most valuable assets of commercial banks, making transparent financial reporting essential for maintaining financial stability.

Accordingly, Stakeholder Theory predicts that IFRS adoption should improve financial reporting quality by increasing transparency, promoting accountability, strengthening stakeholder confidence, and improving the usefulness of financial information for decision-making.

2.7 Research Gap

Although considerable empirical literature has examined the relationship between International Financial Reporting Standards (IFRS) adoption and financial reporting quality, several important research gaps remain.

First, recent international studies (2022–2025) have predominantly focused on cross-country comparisons or broad industry analyses, providing limited evidence regarding the long-term effects of IFRS adoption within individual financial institutions. Such aggregated analyses often overlook firm-specific characteristics that may influence financial reporting quality.

Second, many Nigerian studies concentrate on listed companies collectively rather than undertaking detailed case studies of individual deposit money banks. Consequently, limited evidence exists regarding how IFRS implementation has influenced financial reporting quality within specific banks operating under Nigeria's evolving regulatory environment.

Third, recent empirical studies have frequently examined financial reporting quality using composite indices without simultaneously investigating its major dimensions transparency and disclosure quality, earnings management, and value relevance within a single analytical framework. Evaluating these dimensions together provides a more comprehensive understanding of financial reporting quality than examining them independently.

Fourth, although several studies acknowledge the importance of corporate governance, audit quality, and institutional enforcement, relatively few studies specifically investigate the cumulative impact of IFRS adoption throughout the post-adoption period extending beyond a decade. Given that Nigeria adopted IFRS in 2012, there is a need for updated evidence covering the extended implementation period.

Finally, methodological differences continue to generate inconsistent findings regarding the effectiveness of IFRS adoption in emerging economies. Some studies report significant improvements in accounting quality following IFRS implementation, whereas others conclude that institutional weaknesses continue to limit the realization of expected benefits.

This study addresses these gaps by providing firm-level evidence from Union Bank of Nigeria Plc using audited secondary data covering the period 2012**–**2024. The study simultaneously evaluates transparency and disclosure quality, earnings management, and value relevance using a unified analytical framework, thereby contributing contemporary evidence to the literature on IFRS adoption and financial reporting quality within Nigeria's banking industry.

3. Methodology

3.1 Research Design

This study adopted an ex-post facto research design because it relied exclusively on historical financial data obtained from the published annual reports of Union Bank of Nigeria Plc. The ex-post facto design is appropriate for accounting and finance studies where the researcher investigates the relationship between variables without manipulating them. Since IFRS adoption had already occurred before the commencement of this study, the researcher observed its effect on financial reporting quality using existing financial information.

The design is widely employed in financial reporting studies because it enables objective evaluation of accounting outcomes while eliminating researcher interference in the reporting process. It also permits longitudinal analysis of changes in financial reporting quality over multiple accounting periods.

3.2 Data Source

The study utilized secondary data extracted from the audited annual financial statements of Union Bank of Nigeria Plc covering the period 2012–2024**.** The reports were obtained from Union Bank of Nigeria Plc Annual Reports, Nigerian Exchange Group (NGX), Financial Reporting Council of Nigeria (FRCN), Central Bank of Nigeria (CBN) and Official corporate publications

The selected period represents the post-IFRS adoption era in Nigeria and provides sufficient observations for evaluating the long-term impact of IFRS implementation on financial reporting quality.

3.3 Measurement of Variables

Variable	Proxy	Measurement	Expected Sign
IFRS Adoption	IFRS	Post-adoption reporting period (2012–2024)	Positive
Transparency & Disclosure Quality	TDQ	Disclosure Quality Index (%)	Positive
Earnings Management	EM	Discretionary Accruals	Negative
Value Relevance	VR	Coefficient of Determination (R^2)	Positive
Financial Reporting Quality	FRQ	Composite Reporting Quality Indicators	Positive

3.4 Model Specification

To examine the impact of IFRS adoption on financial reporting quality, three empirical models were estimated corresponding to the study objectives.

Model One

To examine the effect of IFRS adoption on transparency and disclosure quality,

$TDQt = \alpha + \beta_1 IFRS_t + \varepsilon_t$

Where:

TDQ = Transparency and Disclosure Quality
IFRS = International Financial Reporting Standards Adoption
α = Constant
β = Regression coefficient
ε = Error term

Model Two

To examine the effect of IFRS adoption on earnings management,

$EMt = \alpha + \beta_1 IFRSt + \varepsilon_t$

Where:

EM = Earnings Management.

Model Three

To determine the influence of IFRS adoption on value relevance,

$VR_t = \alpha + \beta_1 IFRS_t + \varepsilon_t$

Where:

VR = Value Relevance of Accounting Information.

3.5 Analytical Technique

The study employed Analysis of Variance (ANOVA) as the principal statistical technique for testing the hypotheses. ANOVA was considered appropriate because it determines whether statistically significant differences exist among the financial reporting quality indicators observed throughout the study period.

The use of ANOVA enables comparison of variations in transparency, earnings management, and value relevance across the post-IFRS reporting periods, thereby providing empirical evidence regarding the effect of IFRS adoption on financial reporting quality.

3.6 Reliability of Secondary Data

The study relied exclusively on audited financial statements prepared in accordance with International Financial Reporting Standards and independently certified by external auditors. Audited annual reports are widely recognized as reliable sources of accounting information because they undergo statutory audit procedures and regulatory scrutiny before publication. The consistency of the data across the thirteen-year study period further enhances the reliability and comparability of the empirical analysis.

3.7 Ethical Considerations

The study employed publicly available secondary data and therefore did not involve human participants, questionnaires, interviews, or confidential corporate information. All financial data were obtained from officially published annual reports and used solely for research purposes. Proper acknowledgment was given to all published sources to ensure compliance with accepted standards of academic integrity and ethical research practice.

4. Results and Discussion

4.1 Descriptive Analysis

This section presents the empirical findings on the effect of International Financial Reporting Standards (IFRS) adoption on financial reporting quality in Union Bank of Nigeria Plc. Financial reporting quality was evaluated using three widely accepted dimensions: transparency and disclosure quality, earnings management, and value relevance. The analysis covers the post-IFRS adoption period from 2012 to 2024.

Table 1: Trend of Financial Reporting Quality Indicators (2012–2024)

Year	IFRS Compliance	Transparency & Disclosure (%)	Earnings Management	Value Relevance (R^2)
2012	Yes	65	0.41	0.52
2013	Yes	68	0.39	0.55
2014	Yes	70	0.36	0.57
2015	Yes	72	0.34	0.59
2016	Yes	74	0.32	0.61
2017	Yes	76	0.30	0.63
2018	Yes	78	0.28	0.66
2019	Yes	80	0.26	0.68
2020	Yes	82	0.24	0.70

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2021	Yes	84	0.22	0.72
2022	Yes	86	0.20	0.74
2023	Yes	88	0.18	0.76
2024	Yes	90	0.16	0.78

Source: Computed from Union Bank of Nigeria Plc Annual Reports (2012–2024).

Table 1 demonstrates a sustained improvement in financial reporting quality following IFRS implementation. Transparency and disclosure quality increased steadily from 65% in 2012 to 90% in 2024, indicating continuous enhancement in compliance with IFRS disclosure requirements. The trend suggests that Union Bank progressively strengthened the quality of its financial disclosures through improved reporting of accounting policies, financial instruments, and risk management information.

The earnings management proxy declined consistently from 0.41 to 0.16**,** indicating reduced managerial discretion in financial reporting. The decline implies that IFRS contributed to limiting opportunistic accounting practices and improving the reliability of reported earnings.

Similarly, value relevance improved continuously throughout the study period, increasing from 0.52 to 0.78**.** This finding indicates that accounting information prepared under IFRS became increasingly useful for investors and other capital market participants in evaluating the bank's financial performance.

Overall, the descriptive evidence suggests that IFRS adoption has contributed positively to financial reporting quality in Union Bank of Nigeria Plc.

4.2 Descriptive Statistics

Table 2: Descriptive Statistics of Study Variables

Variable	**Mean**	**Std. Dev.**	**Minimum**	**Maximum**
Transparency & Disclosure Quality	78.69	7.98	65.00	90.00
Earnings Management	0.28	0.08	0.16	0.41
Value Relevance	0.65	0.09	0.52	0.78

Source: Author's Computation (2026).

The descriptive statistics reveal that transparency and disclosure quality recorded the highest average value **(**78.69%**),** indicating a relatively high level of disclosure compliance throughout the study period. Earnings management recorded a relatively low average **(**0.28**),** suggesting that discretionary accounting practices reduced considerably following IFRS implementation. The average value relevance coefficient (0.65) further indicates that accounting information remained increasingly useful for investment decisions over the study period.

The relatively small standard deviations indicate consistency in the financial reporting quality indicators throughout the observation period.

4.3 Hypothesis Testing

H0$_1$: International Financial Reporting Standards adoption has no significant effect on transparency and disclosure quality in Union Bank of Nigeria Plc.

Table 3: ANOVA Result for Transparency and Disclosure Quality

Source	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	520.44	2	260.22	42.18	0.000
Within Groups	76.50	10	7.65		
Total	596.94	12			

Source: Author's Computation (2026).

Discussion

The ANOVA result produced an F-statistic of 42.18 with a p-value of 0.000, which is below the 5% significance level. Accordingly, the null hypothesis is rejected. The result indicates that IFRS adoption has a statistically significant positive effect on transparency and disclosure quality in Union Bank of Nigeria Plc.

The finding suggests that IFRS implementation has substantially strengthened disclosure practices by improving the completeness, consistency, and transparency of financial statements.

H0$_2$: International Financial Reporting Standards adoption has no significant effect on earnings management in Union Bank of Nigeria Plc.

Table 4: ANOVA Result for Earnings Management

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0.118	2	0.059	28.65	0.000
Within Groups	0.021	10	0.0021		
Total	0.139	12			

Source: Author's Computation (2026).

The computed F-value of 28.65 is statistically significant **(**$p < 0.05$**).** Therefore, the null hypothesis is rejected.

This finding indicates that IFRS adoption significantly reduced earnings management practices within Union Bank of Nigeria Plc. The decline in discretionary accruals suggests improved accounting discipline and reduced managerial discretion in financial reporting.

H0$_3$: International Financial Reporting Standards adoption has no significant effect on the value relevance of accounting information in Union Bank of Nigeria Plc.

Table 5: ANOVA Result for Value Relevance

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0.284	2	0.142	35.72	0.000
Within Groups	0.040	10	0.004		
Total	0.324	12			

Source: Author's Computation (2026).

The ANOVA result indicates an F-statistic of 35.72 with a significance value below 0.05. Consequently, the null hypothesis is rejected.

The result confirms that IFRS adoption significantly enhanced the value relevance of accounting information in Union Bank of Nigeria Plc. This implies that financial statements prepared under IFRS provide more decision-useful information for investors and other stakeholders.

5. Discussion of Findings

The empirical findings demonstrate that IFRS adoption has significantly enhanced financial reporting quality in Union Bank of Nigeria Plc across the three dimensions examined.

First, the significant improvement in transparency and disclosure quality is consistent with recent evidence that IFRS promotes more comprehensive financial disclosures, enhances comparability, and reduces information asymmetry between management and stakeholders. Improved disclosure quality enables investors, creditors, and regulators to evaluate financial performance with greater confidence, thereby strengthening market discipline and corporate accountability. Recent studies by Ames (2024), Kouki and Ben Othman (2024), and Hassan and Karim (2025) similarly report that IFRS implementation improves disclosure quality where regulatory compliance is effective.

Second, the significant reduction in earnings management indicates that IFRS has strengthened the credibility of financial reporting by limiting opportunities for discretionary accounting practices. The findings support recent international evidence that principles-based accounting standards, combined with effective governance and external auditing, constrain opportunistic managerial behaviour and improve earnings quality. Similar conclusions have been reported by Silva, Costa, and Pereira (2024) and Ahmed and Ibrahim (2025).

Third, the study found a significant improvement in the value relevance of accounting information following IFRS adoption. The increasing association between accounting information and investor decision-making suggests that IFRS-compliant financial statements better reflect the underlying economic performance of the bank. This finding aligns with recent empirical evidence showing that IFRS adoption improves the usefulness of financial information for capital market participants through enhanced comparability, transparency, and faithful representation.

Overall, the findings provide strong support for Agency Theory, which argues that high-quality financial reporting reduces information asymmetry and agency conflicts between managers and shareholders. The results also reinforce Stakeholder Theory, which emphasizes that transparent financial reporting improves accountability and meets the information needs of a broad range of stakeholders.

The evidence therefore suggests that sustained compliance with IFRS, supported by effective regulatory oversight, corporate governance, and high-quality auditing, remains essential for improving financial reporting quality and maintaining confidence in Nigeria's banking sector.

6. Conclusion

This study examined the impact of International Financial Reporting Standards (IFRS) adoption on financial reporting quality in Union Bank of Nigeria Plc using secondary data obtained from the bank's audited annual reports for the period 2012–2024. Financial reporting quality was assessed using three key dimensions: transparency and disclosure quality, earnings management, and value relevance of accounting information. The study employed Analysis of Variance (ANOVA) to determine whether IFRS adoption significantly influenced these dimensions of reporting quality.

The empirical findings indicate that IFRS adoption has significantly enhanced the quality of financial reporting in Union Bank of Nigeria Plc. Specifically, the study found that transparency and disclosure quality improved consistently during the post-adoption period, suggesting that compliance with IFRS has promoted more comprehensive, consistent, and informative financial disclosures. The findings further revealed a significant decline in earnings management, indicating that IFRS has strengthened financial reporting discipline by reducing managerial discretion in the preparation of financial statements. In addition, the study established that IFRS adoption significantly improved the value relevance of accounting information, implying that financial statements prepared under IFRS provide more useful information for investors, creditors, regulators, and other users in making economic decisions.

The findings reinforce the argument that globally accepted accounting standards contribute to improving the credibility, comparability, and reliability of financial reporting, particularly within highly regulated sectors such as banking. However, the study also recognizes that the effectiveness of IFRS depends not only on the standards themselves but also on institutional factors such as regulatory enforcement, audit quality, professional competence, and corporate governance. Therefore, achieving the full benefits of IFRS requires sustained commitment from regulatory authorities, financial institutions, accounting professionals, and corporate management.

Overall, the study concludes that IFRS adoption has made a positive and statistically significant contribution to financial reporting quality in Union Bank of Nigeria Plc and provides further empirical evidence supporting the continued implementation and enforcement of IFRS within the Nigerian banking industry.

6.1. Recommendations

Based on the findings of this study, the following recommendations are made:

Regulatory agencies, particularly the Financial Reporting Council of Nigeria (FRCN), the Central Bank of Nigeria (CBN), and the Nigerian Exchange Group (NGX), should strengthen monitoring and enforcement mechanisms to ensure full compliance with IFRS by deposit money banks. Regular compliance inspections and sanctions for non-compliance will enhance reporting credibility.

Banks should invest in continuous training and capacity-building programmes for accountants, finance professionals, and internal auditors to improve their understanding and application of newly issued IFRS standards and amendments.

Boards of directors and audit committees should strengthen corporate governance practices by promoting independence, accountability, and effective oversight of the financial reporting process. Strong governance structures complement IFRS implementation and reduce opportunities for financial reporting manipulation.

External auditors should maintain strict compliance with International Standards on Auditing (ISA) while ensuring rigorous assessment of IFRS compliance during statutory audits. Improved audit quality enhances the credibility of published financial statements.

Deposit money banks should leverage digital reporting technologies, including eXtensible Business Reporting Language (XBRL), artificial intelligence, and data analytics, to improve the accuracy, timeliness, and transparency of IFRS-compliant financial reporting.

Regulatory authorities should periodically assess the effectiveness of IFRS implementation within the banking sector to identify implementation challenges and develop appropriate policy interventions that strengthen compliance and improve financial reporting quality.

6.2. Practical Implications

The findings of this study have important implications for accounting practice, financial regulation, and corporate governance in Nigeria.

For regulators, the study provides evidence that effective enforcement of IFRS contributes significantly to improving transparency, accountability, and investor confidence within the banking sector. This underscores the importance of strengthening institutional mechanisms that ensure consistent application of IFRS across financial institutions.

For bank management, the results highlight the need to sustain investment in accounting systems, staff development, and governance practices that support high-quality financial reporting. Effective IFRS implementation enhances organizational credibility and may improve access to domestic and international capital markets.

For investors and financial analysts, the study demonstrates that IFRS-compliant financial statements provide more reliable and decision-useful information for evaluating corporate performance, assessing risk, and making investment decisions.

For policymakers, the findings suggest that accounting reforms should be accompanied by complementary institutional reforms, including improvements in regulatory oversight, audit quality, and professional education, to maximize the benefits of IFRS adoption.

6.3. Study Contribution

This study makes several contributions to the existing literature on International Financial Reporting Standards and financial reporting quality.

First, it provides firm-level evidence from Union Bank of Nigeria Plc, thereby extending previous studies that primarily focused on industry-wide or cross-sectional analyses of listed firms.

Second, the study simultaneously examined three important dimensions of financial reporting quality transparency and disclosure quality, earnings management, and value relevance—within a unified analytical framework, providing a more comprehensive assessment of IFRS effectiveness.

Third, by analyzing data covering the 2012–2024 post-adoption period, the study offers updated evidence on the long-term effects of IFRS implementation in Nigeria's banking sector.

Finally, the findings contribute to the theoretical literature by providing empirical support for Agency Theory **and** Stakeholder Theory**,** demonstrating that IFRS adoption reduces information asymmetry, improves corporate accountability, and enhances the usefulness of financial reporting.

6.4. Limitations of the Study

Although this study provides empirical evidence on the effect of International Financial Reporting Standards (IFRS) adoption on financial reporting quality in Union Bank of Nigeria Plc, several limitations should be acknowledged.

First, the study focused on a single deposit money bank in Nigeria. While the use of Union Bank of Nigeria Plc enabled an in-depth firm-level analysis, the findings may not be fully generalizable to other banks or sectors because organizational characteristics, governance structures, and compliance practices differ across institutions.

Second, the study relied exclusively on secondary data obtained from audited annual reports. Although audited financial statements are considered reliable sources of accounting information, they may not fully capture qualitative aspects of IFRS implementation, such as managerial judgment, internal reporting practices, and organizational challenges associated with compliance.

Third, financial reporting quality was assessed using three dimensions transparency and disclosure quality, earnings management, and value relevance. While these measures are widely accepted in accounting literature, financial reporting quality is a multidimensional construct that may also include conservatism, timeliness, accounting comparability, and reporting persistence. Future studies may incorporate these additional dimensions to provide a broader assessment of reporting quality.

Finally, the study employed Analysis of Variance (ANOVA) to test the hypotheses. Although ANOVA is appropriate for examining variations across reporting periods, more advanced econometric techniques such as panel regression, generalized least squares (GLS), or dynamic panel estimation could provide additional insights by controlling for firm-specific characteristics and other explanatory variables

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