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Adoption of International Financial Reporting Standards (IFRS) and Financial Performance of Deposit Money Banks in Nigeria

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ABSTRACT

The study explored adoption of the International Financial Reporting Standards (IFRS) on financial performance of banks in Nigeria over a time period of ten years spreading over from 2006 to 2016. Data set utilized were randomly gathered across 10 (ten) banks, and analyzed with the use of pooled OLS, fixed effect and random effect estimations alongside the F-test and Hausman test. Result showed that embracing IFRS had insignificant positive effect on ROA of banks in Nigeria (β=0.0038609 p=0.366). It was likewise shown that loan to deposit ratio had a significant negative influence on return on asset (β=-0.0017625 p=0.046). The study established that IFRS implementation had not significantly spurred financial performance of banks in Nigeria, however it has the possibility of doing as such if banks can completely receive and fuse all parts of the Standard in their monetary detailing structure. Subsequently, it is suggested that Regulatory Authorities of deposit money banks should set up an administrative board that will be burdened with the obligation of following the pace of adoption of the IFRS in the country.

KEYWORDS: IFRS Adoption, Return on Assets, DMBs, Nigeria

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INTRODUCTION

There is a fast-worldwide change in the way organizations carry out their business dealings and this has subsequently necessitated changes in the structure of accounting and reporting standards. Erin, Olojede and Ogundele (2017) accentuated the need for improved quality in accounting standards in an effort to upgrade the dependability, importance and similarity of accounting information. Umoreni and Enang, (2015) believed that an administration ought to have access to relevant and accurate data in order to provide reliable information to investors to make informed decisions. A worldwide reception and uniform norm of the International Financial Reporting Standards (IFRS) would pull in more consideration as most countries are executing the IFRS, while others have plans of embracing the Accounting Standard.

In 2005 the European Union started the execution of this norm by obligatory appropriation of the IFRS while getting ready financial reports for all organizations listed in the European Union (Odia &Ogiedu, 2013). In 1973, the improvement of the standard began as an outcome of the intermingling of a gathering of gifted bookkeeping specialists of foremost economies such as Ireland, United Kingdom, France, United States, Canada, Australia, Mexico, Netherlands, Japan, and Germany. Because of assortments in lawful designs, business constructions and duty frameworks, that cultivate cross-limit organizations and furthermore to improve the similarity of data, the Council focused on creating widespread accounting guidelines which would substitute local principles and orchestrate harmony in the financial reporting structure of nations of the world. Financial information of firms across the world therefore can be assessed on the basis of a general standard, as such companies operation can be compared and evaluated by the generality of users of financial information beyond borders.

The execution of the IFRS would impact the monetary establishments, capital business sectors, earnings, incomes, credit valuation, communication among market and investors, long term economic development training, capital controlling, performance appraisal, product-proposing and liability agreements (PWC, 2006). It was found that companies that received the IFRS tend to encounter ascend in their positioning because of the consistency in their information (Adam, 2009). There is a sure conflict to

the implementation of the IFRS for emerging countries like Nigeria. Without a doubt, Nigeria and some other emerging countries have frail institution, unpredictable monetary and legislative settings which may debilitate the prosperous adoption of the IFRS (Tanko, 2012). On the side of this, Alpiand Ustandag (2009) announced that Turkey saw numerous experiences in the reception of the IFRS. These experiences contained the intricate ideas of the IFRS, trouble of usage of the standard, execution matters and furthermore a likely agreement issue. Would we be able to say that Nigerian banks experience trouble in the implementation of IFRS? Empirical evidence is presented in this study from a sample of ten banks, in an effort to ascertain the impact adoption of the IFRS on performance and further carry out a comparative analysis with their performance in the pre- adoption period.

According to Aksu, (2006) Nigerian bank have been seen to show delicate exposures in financial statement disclosure, operative deficiencies, undercapitalization and a slight business control practice that hinder their performance which make it hard to identify complications effortlessly. The Nigerian financial portion seems not to rise to the extraordinary guidelines of reporting when contrasted with cutting edge countries (Garba, 2013). Subsequently, the Nigerian banking industry has encountered numerous restructurings, starting with the upward review of paid up capital of banks in Nigeria from 2billion Naira (US$14m) to 25billion Naira (US$173m), (Ernest, 2012). Other restructurings in the industry include interval assessment of banks, the adjustment in accounting year to calendar year to foster improved level of transparency and comparability of financial reports as well as the establishment of the Assets Management Company of Nigeria (AMCON) to get the non-performing advances from banks. In addition, a cashless policy and international financial reporting standards were introduced toward the end of 2012. It is noteworthy that before January 2012, just three banks got together with the IFRS format. These banks were Access Bank, Zenith Bank, and Guarantee Trust Bank. In any case, Beke (2011) stated that global bookkeeping principles would prompt an expansion in market liquidity, fall in transaction costs and decrease in the cost of capital. Perceptibly, a few banks were all the while encountering challenges because of IFRS appropriation. As posited by Garba (2013) the rise of globalization and the joint effort among various nations in the worldwide, subsequently offered priority to the examination of the effect of the International Financial Reporting Standards on the performance of banks.

LITERATURE REVIEW

Conceptual Review

Accounting standards

Accounting standard according to Izedonmi (2001) alludes to suitable courses through which data is obtained to help financial, political and social exercises. Accounting principles improves the pertinence and dependability of articulation of records of firms, given the way that it remains as rules which characterize how organizations should show exchanges and occasions in their monetary reports. Despite the fact that, researchers and specialists distinguished accounting standard consistence as a crucial component of a viable corporate financial reporting, a few scholars have argued that the degree for which principles are forced and furthermore the rate resistance arraigned are pretty much as fundamental as the actual standard. In this way, the benefit of accounting principles, its implementation and adherence to its standards by players in the business will to a large extent determine the worth of financial information available to end users. (Kothari, 2000 and Hope, 2003). Insufficiency of agreeable authorization, thus, lessens the best bookkeeping norms, if imperative moves are not made once the rules have been broken, the rule would keep on being just a solicitation in paper.

Accounting guidelines is huge as in it assists with expanding consistency, equivalence, guideline, straightforwardness and responsibility, which then again improves how client's judge quality in an economy. There have been difficulties in monetary revealing the continuous selection of the IFRS internationally. Numerous countries have been detailing monetary data in accordance with the IFRS for certain years, and were further expected to come on stream from 2012. A critical most recent change is how much the IFRS is impacted by governmental issues reflected by the Greek obligation, banking area issues and furthermore endeavors of lawmakers to determine these inquiries has ended into tension on standard-setters to modify these principles.

Needs for Adoption of the IFRS in Banks

Kasum, (2011), posited that disappointments in the financial area have called the administrative bodies altogether assess the insurance and dependability of the banks by assessing the degree of consistence to the

International Accounting Standards Board. Additionally, lawful change strategies center towards enabling the board to bargain all the more quickly with issues of trouble inside the monetary business. The issuance of the consistence of Standards to Banks and Financial Establishments is engaged towards advancing consistency in monetary reports of banks.

Theoretical Review

The Shareholder Theory

The Shareholder Theory was propounded by Friedman in 1970 with the center that association's needs ought to be towards boosting investors' riches. This is only the solitary obligation owed to the general public. As per this hypothesis, it is normal that directors ought to plan to augment the investors abundance since this was the purpose for the substance of their reality. Investor abundance boost was upheld by Basman (2017) who believed that the overall objective of a firm ought to be focused to investors' abundance amplification. The significant analysis for the hypothesis notwithstanding, is that it offers need to investors, with practically no contemplations given to different partners.

The Stakeholder Theory

This theory was propounded by Freeman in 1984 essentially to address reactions of investor hypothesis. The central purpose of the hypothesis is that different partners are similarly significant and as such everybody's advantage ought to be considered by the firm. The partners are individuals who can have effect on the association or that could be affected by the association and it contends that a firm ought to make esteems for all partners and not simply investors. These investors incorporate banks, the representatives, the clients, government and the whole society.

Empirical Review

Abdul-Baki, Uthman and Sanni (2014) investigated the effect of IFRS adoption on bank performance in Nigeria. The study appraised selected financial ratios comparing reports under the IFRS with GAAP. The study also employed the Kolmogorov-Smirnov test, and Mann-Whitney U-Test to ascertain whether significance variance occurred between performance measures in the presence of normality in the distribution of the set of data. The Mann- Whitney U-Test revealed that there was insignificant variance at the 5% significance level.

Herbert and Tsegba (2013) examined the economic significance of IFRS implementation in Nigeria. The study showed that IFRS data access and inadequate course module are major hindrance to effective IFRS adoption in Nigeria. It was suggested that there is need for effective negotiation with famous participants in order to a country like Nigeria to fully comprehend the transition effect. Ocansey and Enahoro (2014) revealed that despite IFRS adoption benefit, Nigeria should be aware of the transitional issues including management change, emerging terminologies, frequent standard review, cost versus benefits analysis and the high demand for auditors. Saidu and Dauda (2014) concluded that compliance level of Nigerian banks with the IFRS structure might be affected by Nigerians responsiveness.

Buttressing the problem of IFRS improving financial reporting, Verriest, Gaeremynck and Thorton (2013) stated that enhanced financial reporting quality due IFRS adoption is also possible given that there are proper incentives and sanctions at the national level. This submission is in agreement with the argument of Ocansey and Enahoro (2014) that IFRS adoption in Nigeria needs an honest governance at the corporate level as well updated and skilled personnel. Evidently, if the government, institutional environment, regulatory bodies, board of directors, audit committees, stakeholders and every one other party can play their roles appropriately the IFRS will culminate into improved information quality especially for banks. Taiwo and Adejare (2014 found that the relationship between the adoption of IFRS and firm performance was positive. Eriki, Modebe, Okoye and Erin (2017), affirmed through their research that the adoption of the IFRS has a significant impact on the financial ratios of quoted deposit money bank in Nigeria

Hassan (2015) surveyed the International Financial Reporting Standards appropriation and bringing in quality in recorded store cash banks in Nigeria. The examination analyzed the impact of influence, productivity and liquidity on procuring quality during the pre and post-IFRS. The investigation used information from 2008-2013 for five chosen banks in Nigeria. The examination likewise tracked down that the impact of benefit and liquidity on acquiring quality was positively critical in the pre-IFRS yet immaterial in the other period. The investigation thus reasoned that the worldwide Financial Reporting Standard has improved the procuring nature of the banking industry in Nigeria.

Ayodeji, Nyikaa and Nyikaa (2019) inspected the impact of the reception of International Financial Reporting Standards on the Performance of banks in Nigeria and Canada. The examination explicitly explored the impact of IFRS on return on resource, return on value and income per portion of banks in Nigeria and Canada. The examination received information for the period 2013 to 2017 for 5 banks each in Nigeria and Canada. The investigation at that point broke down information with illustrative measurements and relapse examination. The examination uncovered that the impact of IFRS on return on resource was negative and critical in Nigeria yet sure and huge in Canada. The investigation additionally showed that the impact of the IFRS on value was negative yet unimportant in the two nations. The examination added that the impact of IFRS reception on procuring per share was negative and inconsequential for the Nigerian banks yet certain and critical in the Canadian banks. Thus, the investigation presumed that the impact of the IFRS was not exceptional in Nigerian banks yet remarkable on account of Canadian banks.

Mechack, Charles and Amanda (2018) researched the impact of reception of International Financial Reporting Standards on monetary execution. The study checked the impact of IFRS selection on the benefit of liquidity and it influenced report and measurable contrast among IFRS and SAS. The examination utilized information extricated from 11 banks. The investigation examined this information with the Wilcoxon Signed-Rank test. The results showed that the IFRS had a beneficial outcome on return on resource but a negative impact on current and obligation value proportions. The examination likewise showed that there exist measurable contrasts between the impact of IFRS and SAS on return on resource, current proportion and obligation to value proportion. Accordingly, the examination presumed that IFRS appropriation has contributed astoundingly to the monetary exhibition of banks in Nigeria.

Onipe, Musa and Isah (2015) assessed the International Financial Reporting Standards reception and fiscal summaries of banks in Nigeria. The examination analyzed the impact of the IFRS on benefit, development, influence and liquidity of banks in Nigeria. The investigation drew information from 15 banks from 2004-2013. The investigation at that point examined information utilizing the pooled relapse examination. The examination uncovered that the IFRS had a constructive outcome on

liquidity, productivity, influence and development of banks in Nigeria. The investigation consequently inferred that IFRS reception had a direct impact on banks fiscal summary segments in Nigeria.

Ekwe, Eke and Okrolor (2020) dissected the selection of International Financial Reporting Standards and monetary execution of recorded cash store banks in Nigeria. The examination exceptionally surveyed the impact of IFRS reception on benefits after charge, return on resource, return on value and acquiring per portion of banks in Nigeria. The examination utilized information from 5 banks from 2007-2016. The examination assessed information utilizing the Analysis of Variance. The investigation at that point uncovered that the impact of IFRS appropriation on benefits after charge was genuinely critical. The examination then again showed that the impact of IFRS selection on return on resource, return on value and procuring per share was inconsequential.

Elosiuba and Okoye (2018) analyzed the impact of International Financial Reporting Standards on corporate execution of chose banks recorded on the Nigeria Stock Exchange. The examination particularly evaluated the impact of IFRS reception on productivity, liquidity, advance awards and market esteem. The examination utilized information from 2011 and 2012. The examination investigated information utilizing the mean and t-test. The investigation showed that productivity, liquidity and market esteem on the normal during GAAP are more than that of IFRS year, however in any case for advance awards. The examination additionally uncovered that the impact of IFRS on advance award, productivity, liquidity and market esteem was genuinely irrelevant. Hence, the examination inferred that IFRS has no exceptional impact on the performance of banks in Nigeria.

Ajekwe, Onobi and Ibiamke (2017) examined the impact of International Financial Reporting Standards on the review expenses of recorded store cash banks in Nigeria. The investigation embraced information from 15 banks from 2009-2012. The study examined information with a combined t-test, Pearson connection and numerous relapse examinations. The results showed that the review charges, review intricacy and announcing quality are genuine distinction in the post-IFRS. The results further uncovered that review intricacy of IFRS has prompted expansion in review expenses by 49.8%.

Akinleye (2016) checked the impact of International Financial Reporting Standards appropriation on the presentation of banks in Nigeria. In particular, the examination analyzed the impact of IFRS selection and monetary proportion on return on resource and return on value. The investigation utilized information from 10 banks from 2009-2014. The study uncovered that IFRS selection had a constructive outcome on return on asset and return on equity of banks in Nigeria. The examination likewise showed that venture proportion, liquidity proportion and current proportion fundamentally influence return on resource and return on value. In this manner, the examination reasoned that IFRS had a constructive outcome on the execution of banks in Nigeria.

Owalabi and Adetula (2016) assessed selection of International Financial Reporting Standards and its suggestion on bank execution in Nigeria. Especially, the investigation checked impact of IFRS and Nigeria GAAP on acquiring development and market estimation of banks in Nigeria. The investigation drew in 14 banks information of the time frame 2010-2013. The investigation at that point dissected information utilizing engaging measurements and Analysis of Variance. The examination showed that the profit development has critical constructive outcome on execution during the pre-IFRS yet irrelevant in the post-IFRS period. The examination demonstrated that profit development might be related with different components not quite the same as IFRS selection, for example, recapitalization and cross boundary posting for development in execution.

Adebisi, Otuagoma and Abah (2016) surveyed the impact of International Financial Reporting Standards on the nature of monetary store cash banks in Nigeria. The investigation explicitly investigates the impact of IFRS exposure level on the nature of monetary store cash. The study utilized information from 2012-2015 for five store cash banks in Nigeria. The investigation showed positive connection among IFRS and its exposure among banks in Nigeria. The examination also uncovered IFRS revelation consistence level has constructive outcome on nature of monetary reports of banks in Nigeria.

The overview of literature reflects that there is dearth of empirical studies on the discourse of IFRS adoption as it relates to firms performance in Nigeria. The available few employed multiple regressions to track the

patterns of relationship among the variables. Therefore, this study employed the ratio analysis and panel data analytical techniques to investigate IFRS adoption and performance of Deposit Money Banks in Nigeria using the Ratio Analysis approach.

RESEARCH METHOD

Research Design

The study employed explanatory research design to investigate the adoption of IFRS on financial performance of selected banks in Nigeria using ratio analysis and panel data analytical techniques. Ten banks in Nigeria were randomly selected and the study covered a period of ten years 2006 to 2015.

Model Specification

The study adopted the model used by Deresse and Prabharara (2009) which expressed return on asset as functions of the efficiency of accounting reporting and analysis practice, efficiency of working capital management, efficiency of fixed asset management, current ratio, debt ratio and total asset turn over. This is given below

ROA = f(EARA, EWCM, EFAM, EFA, CR, DR, TAT)

However, the above model was modified and stated for this study as follows:

Where:

ROA	=	Return on assets
CR	=	Current Ratio
LTDR	=	Loan to Deposit Ratio (It is calculated by dividing the loan and advances of the bank by the total deposit)
IFRSA	=	International Financial Reporting Standards adoption (Dummy:1 = adoption era, 0 = non adoption era)
i	=	cross-sectional variable from1,2, 3,....................................10
t	=	time series variable form 1, 2, 3,......................................10

α0, α1, α2, α3i are parameter estimates corresponding to the explanatory variable and the constant term, is the cross sectional unit effect.

Justification for Model Modification

The adapted model was used for enterprises in Ethiopia while this study centers only on deposit money banks in Nigeria. This is the reason for adding the loan to deposit ratio (LTDR) to the model

Source of Data and Sampling Technique

Secondary data were acquired from yearly reports and records of ten banks chosen for the study. The sample size was ten out of the population of 21 deposit money banks listed on the Nigeria Stock Exchange. The chosen banks were Access Bank, First Bank; Fidelity Bank; First City Monument Bank; Polaris Bank; Stanbic IBTC; Sterling Bank; United Bank for Africa; Unity Bank and Wema Bank Plc.

RESULTS AND DISCUSSIONS

Table 4.1: Correlation Result

	ROA	IFRSA	CR	LTDR	
ROA	1.0000				
IFRSA	0.1310	0.1694	1.0000		
CR	0.1079	0.0605	0.2171	1.0000	
LTDR	-0.0013	0.0100	0.0420	0.1206	1.000

Source: Data Analysis, (2019)

Table 4.1 shows coefficient estimations of 0.1310 for ROA and IFRSA, 0.1079 for ROA and CR, - 0.0013 for ROA and LTDR. This inferred that return on asset correlated positively with the explanatory variables including IFRS adoption, but negatively with loan to deposit ratio. This suggested that return on asset of banks selected for the study moved in the same direction with IFRS adoption and current ratio. Notably, coefficient reported for ROA and IFRSA remained at 0.1310, 0.1079 for ROA and CR, - 0.0013 for ROA and LTDR, 0.0605 for IFRSA and CR, 0.0100 for IFRSA and LTDR, 0.0420 for CR and LTD separately. The result additionally showed that there was positive relationship between Return on Asset and loan to deposit ratio. This infers that practically every one of the factors utilized

in the investigation moved in the same direction throughout the period of study across the selected banks.

Table 4.2: Pooled OLS Estimation Result
Series: ROA IFRSA CRL TDR

Variable	Coefficient	Std Error	T-Test	Probability
C	0.0105654	0.0046959	2.25	0.027
IFRSA	0.004427	0.0046204	0.96	0.340
CR	0.003074	0.0042349	0.73	0.470
LTDR	-0.0013499	0.0006398	-2.11	0.009*

R-square=0.6313Adjusted R-square=0.6195, F-statistics=23.77, Prob(F-stat) =0.0090
(*) connotes significance at 5% level of significance

Source: Data Analysis, (2019)

Table 4.2 detail the coefficient gauges relating to the logical factors, close by measurements, for example, the standard mistake t-test insights, and likelihood esteems for the coefficient gauges. As revealed in Table 4.2 the coefficient gauges for IFRS adoption, current ratio and loan to deposit ratio remained at 0.004427, 0.003074 and - 0.0013499 individually, close by likelihood estimations of 0.340, 0.470, 0.009. The results uncovered that IFRS adoption had an insignificant positive effect on return on asset, among other things. The Revealed R-square insights remained at 0.6313 implying that around 63% of variation in return on assets can be jointly explained by the explanatory variables used in the model. The joint significance of the effect of all the explanatory variables combined is reflected by the reported f-statistics of 23.77 and probability value of 0.0090.

Table 4.3: Fixed Effect (Cross-Sectional Specific Estimation)
Series: ROA IFRSA CRL TDR

Variable	Coefficient	Std Error	T-Test	Probability
C	.0132363	.0078764	1.68	0.096
IFRSA	.0038609	.0042454	0.91	0.366
CR	.0039042	.0052663	0.74	0.460
LTDR	-.0017625	.0008433	-2.09	0.046*
CROSS-SECTIONAL EFFECTS				
GTBANK	.0170968	.0089471	1.91	0.059

ECOBANK	-.0041434	.0106226	-0.39	0.697
ACCESSBANK	-.021530	.0090464	-2.38	0.001
FIDELITYBANK	-.0029976	.0092841	-0.32	0.748
FIRSTBANK	-.020626	.0090864	-2.27	0.002
UBABANK	-.0049211	.0090481	-0.54	0.588
ZENITH BANK	.0074067	.0092935	0.80	0.428
UNION BANK	-.0275532	.0091099	-3.02	0.003
WEMA BANK	-.0073661	.009914	-0.74	0.460

R-square=0.6911, Adjusted R-square=0.6839, F-statistics=22.72, Prob(F-stat) =0.0029
(*) connotes significance at 5% level of significance
Source: Data Analysis, (2019)

Table 4.3 presents the result of fixed effect cross sectional specific estimation conducted in the study which incorporated the heterogeneity effect of each bank into the model, using the differential intercept approach. Coefficient estimates reported for IFRS adoption, current ratio and loan to deposit ratio stood at 0.0038609, 0.0039042, -0.0017625 respectively alongside probability of 0.366,0.460 and 0.046. The result revealed the effect of the explanatory variables on return on asset when cross sectional heterogeneity effect was incorporated into the model. The result, to a large extent, agrees with the pooled estimation result that the adoption of IFRS has an insignificant positive effect on return on asset of banks, while the effect of loan to deposit ratio was negative. The result also revealed that loan to deposit ratio among all the explanatory variables exerted significant effect on return on asset.

Reported differential intercept at 0.0132363 representing the intercept value of the reference cross sectional (Polaris Banks Plc) and stood at .0170968 for GTBank, -.0041434 for Ecobank, -.021530 for Access Bank, -.0029976 for Fidelity Bank, -.020626 for First Bank, -.0049211 for UBA, .0074067 for Zenith, -.0275532 for Union Bank, and -.0073661 for Wema Bank. The Reported probability revealed that the differential intercept for banks such as Access Bank, First Bank and Union Bank among others was statistically significant. Thus, a first- hand reflection of heterogeneity affect all selected banks for the study R- square value reported in table 4.3 stood at 0.6911which implies that about 69% of the systematic variation in return on asset has a performance indicator of the selected deposit money banks can be explained jointly by adoption of IFRS as well as variation in ratios

including current ratio and loan to deposit ratio. The joint influence of all the explanatory variables on return on asset with heterogeneity effect across banks incorporated into the model were insignificant given the reported f-statistics and probability values of 22.72 and 0.0029 respectively.

Table 4.4 Fixed Effect (Period Specific Estimation Result Series: ROA IFRSA CRL TDR DER

Variable	Coefficient	Std Error	T-Test Values	Probability
C	.0086352	.0078102	1.11	0.272
IFRSA	.0082027	.0099093	0.83	0.410
CR	.0037937	.0042675	0.89	0.376
LTDR	.0014252	.0006538	2.18	0.007
PERIOD EFFECTS				
2007	.0077785	.0097979	0.79	0.429
2008	.0090671	.0097902	0.93	0.357
2009	-.0088263	.0097623	-0.90	0.368
2010	.0085811	.0097409	0.88	0.381
2011	-.0095553	.0097533	-0.98	0.330
2012	-.0081331	.0100133	-0.81	0.419
2013	-.001261	.0098435	-0.13	0.898
2014	-.0014499	.0097663	-0.15	0.882
2015	.0085811	.0097409	0.88	0.381

R-square= 0.6189, Adjusted R-square=0.6026, F-statistics=30.98, Prob(F-stat) =0.0055
(*) connotes significance at 5% level of significance
Source: Data Analysis, (2019)

Table 4.4 reveal the pooled OLS and fixed effect cross sectional estimation result, that the influence of loan to deposit ratio and debt to equity ratio among other variables was significant. Specifically, the reported coefficient estimates stood at.0082027, .0037937, .0014252, for IFRS adoption, current ratio and loan to deposit ratio alongside probability values of 0.410, 0.376 and 0.007 respectively.

Differential intercept values reported in table 4.4 stood at .0077785 for 2007,.0090671, for 2008,.0088263 for 2009, .0085811 for 2010, -.0095553 for 2011, -.0081331 for 2012, -.001261 for 2013, -.0014499 for 2014, .0085811 for 2015, thus reflecting a deviation of intercept terms corresponding to years starting from 2007 to 2015 from the intercept value

.0086352 of the reference year 2006. The reported probability value revealed no significant deviation from the reference intercept term. This showed that absence of period specific uniqueness in bank performance as it connect to IFRS adoption and ratio such as current ratio and loan to deposit ratio. The R-square statistics reported in Table 4.4 stood at 0.6189, alongside the f-statistics and probability values of 30.98, and 0.0055 respectively, thus suggesting that the explanatory variables jointly and significantly explained about 62% of the variation in return on asset when the period specific effect is incorporated into the model.

Table 4.5: Random Estimation Result
Series: ROA IFRSA CRLTDR

Variable	Coefficient	Standard Error	Z-Test Values	Probability
C	.0098614	.0061084	1.61	0.106
IFRSA	.0040287	.0041543	0.97	0.332
CR	.0035548	.0047062	0.76	0.450
LTDR	-.0016021	.0007417	-2.16	0.031*

R-square=0.6305, Wald chi2 (5) =44.38, Prob>chi2=0.0066
(*) connotes significance at 5% significance level
Source: Data Analysis, (2019).

Table 4.5 revealed that adoption of the IFRS had an insignificant positive effect on banks performance, with the reported coefficient and probability values of .0040287 and 0.332 respectively. The result also showed that current ratio had an insignificant positive effect on performance of banks, while the influence of loan to deposit on return on asset was negative and significant. Specifically, the reported coefficient for current ratio and loan to deposit ratio stood at.0035548 and-.0016021 alongside probability values of 0.450 and 0.031 respectively. The Reported R-square values stood at 0.6305. This implied that about 63% of the variation in return on asset can be explained by IFRS adoption and variation in current ratio and loan to deposit ratio.

Table 4.6 Restricted F-Test of Heterogeneity
(Cross-Sectional and time Specific)

	F-statistics	Probability
Cross sectional	3.50	0.0010
Time specific	1.08	0.3836

Source: Data Analysis, (2019)

The result of restricted f-test revealed presence of heterogeneity effect across deposit money banks over time that reflect that there is enough evidence to reject the null hypothesis that all differential intercepts corresponding to the cross sectional specific units are equal to zero, but otherwise for the period specific intercepts. Therefore, it can be affirmed that there is a cross sectional heterogeneity/uniqueness effect among firms sampled in the study, but the period effect was insignificant thus invalidating the pooled OLS restricted in the model as the cross-sectional heterogeneity effect is too significant to be ignored.

Table 4.7 Hausman Test

Null hypothesis	Chi-square stat	Probability
Difference in estimates not systematic	18.19	0.0056

Source: Data Analysis, (2019)

Table 4.7 reports the chi-square statistics of 18.19 alongside probability value of 0.0056, thus giving enough evidence to reject the null hypothesis of no systematic (significant) difference between the fixed effect and random effect estimates, in favor of the alternative hypothesis that there is systematic difference in the fixed effect estimator as compared to the random effect estimator. From the foregoing, it thus stands that the most consistent and efficient estimation is the fixed effect cross-sectional specific estimation reported in Table 4.3.

CONCLUSION AND RECOMMENDATIONS

The discoveries from this examination showed that Nigerian banks appropriation of the IFRS essentially affects their performance as shown by inconsequential effects of the current proportion on return on resources and the impact of store proportion on return on resources. Genuinely, detailed R-square measurements remained at 0.6313 implying that about 63% of the precise variety in the profit from the chosen banks can be clarified by selection of global monetary standard and proportions like current proportion and credit to store proportion. The investigation further uncovered that IFRS reception had an unimportant constructive outcome on ROA of store cash banks in Nigeria ($\beta = 0.0038609$ $p = 0.366$). It was settled that advance to store proportion has altogether impacted profit from resources contrarily ($\beta = -0.0017625$ $p = 0.046$).

The examination thus reason that the execution of IFRS had not fundamentally prodded financial performance of banks in Nigeria. Despite the fact that, it has the possibility having a critical effect in the closest future if banks completely agreed with the appropriation and incorporate all aspects of the standards in the financial reporting framework. Thus, it is suggested that regulatory experts in the financial sector set up an administrative board that will be burdened with the obligation of following the pace of selection of the IFRS by store cash banks in Nigeria. This study has added to existing information by incorporating the liquidity and leverage ratio into the model, to control factors other than adoption of the IFRS which often time influence the level of performance.

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