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## Adoption of International financial reporting standards and earnings quality in the Nigerian deposit money banks

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### Key words

International Financial Reporting Standard (IFRS), Earnings Quality, DMBs

### Abstract

*The idea of International financial reporting standards (IFRS) is to make the financial information uniform, transparent and comparable, to increase the quality of information and to reduce the discrepancies in international accounting principles and reporting practices. The International Financial Reporting Standard (IFRS) became mandatory for financial reporting purposes on first of January 2012 for all listed Deposit Money Banks in Nigeria. But even before mandatory adoption of IFRS in Nigeria, some firms (especially in the banking sector) have voluntarily adopted IFRS. The objective of this research is to identify the effect IFRS adoption on the earnings quality and to determine whether IFRS based financial statements are more informative than the SAS based in the listed Nigerian deposit money banks. The study adopts correlational research design to determine the relationship between IFRS adoption on some firm characteristics in the financial statement and the quality of earnings. A longitudinal balanced panel data multiple regression model is used as a technique of data analysis. The study found that adoption of IFRS in the Nigerian banking sector has positively and strongly impacted on the quality of earnings. Again, the information provided by the IFRS based financial statements by deposit money banks in Nigeria is not as informative as that provided by SAS based financial statements in explaining the share prices. The study therefore recommended for fully and comprehensive adoption of IFRS to increase the quality of earnings and gain back the confidence of investors in the Nigerian Banks.*

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