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VALUE RELEVANCE AND USERS' CONFIDENCE IN POST INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTION ERA OF NIGERIAN BANKS

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Abstract: -

Conclusions from the existing studies on IFRS adoption and value relevance were characterized by conflicting results and mixed findings. This study attempts to evaluate the impact of adoption of International Financial Reporting Standards (IFRS) on the value relevance of financial information of Nigerian Deposit Money Banks. A mixed research approach was adopted for this study. To analyze the secondary data correlational research design was employed using Edward, Bells and Olhson (EBO) model. Primary data through structured questionnaire administered on a sample of 200 randomly selected preparers and users of banks financial statements was also used to provide alternative evidence. Data were analyzed using descriptive and econometric approaches. General least square (GLS) multiple regression analyses were employed to analyze the panel data based on random effect model using SPSS 17 statistical tool.The results from data analysis showed r calculated of 0.69 indicating a significant relationship between adoption of IFRS variables and value relevance indexes in the NDMBs, from the analysis of questionnaire responses. The relationship, using EBO model, between the variables used for post IFRS adoption analysis shows that share price (SP) is positively correlated with earning per share (EPS), change in earnings per share (CEPS) and book value per share (BVPS) at 0.368, 0.096 and 0.103 respectively meaning that SP and EPS have higher positive relationship but lower with CEPS and BVPS. Invariably, higher earnings attract higher SP which automatically enhances the confidence of investors in the financial statements after the adoption. The pre-IFRS R-squared is 0.35 while post-IFRS R-squared is 0.16 showing that post IFRS financial information has a weak value relevance. However, the elements that made up financial information are not value relevant in post IFRS adoption thereby giving a low cumulative relationship to share price. The study suggests concerted efforts by banks to strengthen the value relevance and improve users' confidence of their financial reports since IFRS adoption has been made mandatory

Keywords: - *IFRS Adoption; Value Relevance; Users Confidence, Financial Statements; Nigeria Deposits Money Banks*

1. Background to the study

Studies have shown that for a meaningful investment to occur in the banking sector, quality accounting information regarding share price and other performance indicators are essential (Aksoy, 2008; Adebimpe and Ekwere, 2015; Akpaka, 2015; Sheu, 2015). For instance, Adebimpe and Ekwere (2015) believe that investors, who are usually different from the management of the investments, only rely on the information supplied by management in the financial statements in evaluating the risk and value of a firm before taking decision on either to invest or disinvest and that the ability of the financial statements to effectively and satisfactorily guide investors on their investment decisions depends on the value relevance of the information in the financial statements. Sheu, 2015 is of the view that the widespread failure in the financial information quality has created the need to improve the financial information quality and to strengthen the control of managers by setting up good firm structures. According to Vishnani & Shah (2008), investment decision revolves around the links between share price and accounting related information such as earnings, cash flows, book value of equity, firm's size and growth. These variables are expected to provide insight at understanding the influence of quality financial reporting on value relevance. The conclusion from the study of Yahaya, Onyabe & Usman (2015) indicates that the adoption of IFRS improved relevance of accounting numbers in the deposit money banking sector. Findings from the study of Olayinka, Olojede & Ogundele (2017) showed that the value relevance of accounting data is more pronounced in the post-IFRS and that IFRS implementation in Nigeria has enhanced the value relevance of accounting data such as earnings, cash flow, book value and net income. According to Kaaya, (2015) Value relevance is widely applied as a construct and proxy for accounting quality. Furthermore, Talebnia, Valipour & Askari (2011) as cited in Akpaka (2015) are of the opinion that earnings and book value per share are measures those different individuals, investors and financial analyst adopt in measuring organizational performance. Therefore, the primary objective of value relevance research is to investigate whether the financial statements released by firms provide high-quality and valuable accounting information that enables users and investors to make informed decisions (Alfaraih & Alanezi, 2011). Most of the existing empirical studies that investigated the impact of IFRS adoption on value relevance of financial information provide conflicting predictions and reveal mixed results both in developed and emerging economies (Paananen, 2008; Beisland, 2010; Alfaraih & Alanezi, 2011; Yahaya et al, 2015).

Furthermore, Kadri, Ibrahim and Abdulaziz (2010) investigate the value relevance of aggregated and disaggregated book value and earnings of high-tech firms listed on Bursa Malaysia for the period from 2003-2008. Using the Ohlson (1995) basic and modified equity valuation models, the study found that the explanatory power of both book value and earnings are fluctuating, as book value is in a decreasing trend whereas earnings is in an increasing trend while results of the modified models show that disaggregated book value and earnings could explain the variation in market value better than aggregated book value and earnings. This is corroborated by Beisland (2010) but the period of this research could be considered too short to be used to draw a reliable inference. Other studies are Gjerde, Knivsfla and Saetem (2011) carried out on value relevance of financial reporting in Norway for 40 years (1965-2004) using a wide range of data collected from Oslo Stock Exchange. The result shows that performance accounting based on matching principles is not necessarily in conflict with highly relevant financial reporting. However, the result differs from the normal trend and could be attributed to Norway Generally Accepted Accounting Principle. So also is the study of Dung (2009) on Vietnamese stock market, Karunarathne and Rajapakse (2009) and Keener (2011) in the U.S.A, Alfaraih and Alanezi (2011) on the Kuwait Stock Exchange (KSE); Dahmash and Qabajeh (2012) Jordanian market; Bhatt and Sumangla (2012) in the Indian context.

In Nigeria, Adebimpe and Ekwere (2015) investigate the impact of IFRS mandatory adoption on value relevance of financial information of listed commercial banks in Nigeria. The findings of their study indicate that earning per share, book value of equity and share prices of commercial banks have significantly improved following IFRS adoption thereby concluding that financial information of the listed banks are value relevant. However, the result of their findings can be criticized based on the 4 years period of research which is considered to be too small for a study of this magnitude. The researchers also consider financial figures for 2010 and 2011 as pre- adoption data forgetting that 7 Deposit Money Banks had already voluntarily adopted IFRS as far back as 2010. In the same vein, Akpaka (2015) empirically examines the impact of IFRS adoption on value relevance of Nigerian Deposit Money Banks. The study obtained data from the official website of 7 deposit money banks who had voluntarily adopted IFRS as far back as 2010 and the financial statement figures for 8 years (2006-2013) were captured for analysis splitting these 8 years into 4years pre-IFRS adoption (2006-2009) and 4years post-IFRS adoption (2010-2013). The findings of the study concluded that EPS before IFRS adoption has positive impact on stock price, EPS after IFRS adoption has positive insignificant impact, EPS before IFRS is value relevant but the EPS after IFRS adoption is not value relevance, CEPS before and after IFRS adoption has no significant impact on share price and as such they are not value relevant, BVPS before and after IFRS adoption has no significant impact on stock price and BVPS before and after IFRS adoption is not value relevant. However, in spite of the study commendable empirical contributions to frontier of knowledge in this line of research, the eight year data captured for the study were considered inadequate of a study of this height and as such extended data period would have been more acceptable. Also, the study of Akpaka, (2015) did not equally identify and test relations between IFRS adoption indexes and value relevance variables in NDMBs.

Findings from the literature of accounting and finance suggest that there exist paucity of research results on the impact of IFRSs on quality of accounting information in term of value relevance of financial institutions like deposit money banks. In view of this, the current study examines the level of value relevance of post IFRS adoption by the Nigerian Deposits money banks and how this has impacted on users confidence on their financial reports and as such poses the following questions expected to be answered in the course of the study:

i. What is the relationship between IFRS adoption variables and value relevance indexes in the selected Nigerian

Deposit Money Banks?
ii. How does IFRS adoption influence users' confidence in Financial Statements?

Research Hypotheses
H01: There is no significant relationship between IFRS adoption variables and value relevance in the Nigerian DMBs.
H02: IFRS adoption does not influence users' confidence in the financial statements
However, the remaining parts of this study were arranged and discussed in the following order: literature review, methodology, result and discussion and lastly, conclusion and recommendations.

2. Literature Review

Economic Importance of the Nigerian banking Industry
Studies have shown that the economic significance of banks includes job creation, fund mobilasation, financial intermediation, investment and credit deliveries and have exerted significant influence on economic growth (Somoye, 2008; Okwo, Mbajiaku and Ugwunta, 2012; Ogege and Shiro 2013, Ogege and Bolouprema, 2014; Oka, Ogar and Enya 2015; Lobo, (2017). For instance, Oka, Ogar & Enya (2015) investigated the role of deposit money banks credit on the growth of the agricultural sector in Nigeria between the periods 1988 to 2011 and found that both deposit money banks loans and the agricultural credit guarantee scheme fund had a positive relationship with the output of the agricultural sector. Lobo, (2017) sees the banking industry as critically important to national and global economies. Further, the study of Fields et al. (2004) shows that bank represent over twenty percent of the total public equity market capitalization in the United States of America. Compared to industrial firms, firms in the banking industry have a number of distinct characteristics that suggest interesting topics for research as put by Lobo, (2017). Some of these characteristics as suggested in the literature include the fact that banks have high degree of leverage relative to other firms, they possess different governance structure from non-financial firms. Banks operate with a higher degree of information uncertainty than other firms and are highly regulated (DeAngelo and Stulz, 2015; Kroszner and Strahan, 2001; Adams 2011; Walker, 2009; Adams and Mehran, 2011; Autore et al., 2009)
In Nigeria, Okwo, et al (2012) examined the effect of bank credit to the private sector on economic growth in Nigeria using data on Gross Domestic Product (GDP) and bank credit to private sector. The results of their analysis showed that bank credit to private sectors has a statistical strong positive relationship with GDP and bank credit to the private sector has statistically significant effect on economic growth. According to Adekanye (1986) in making credit available, banks are rendering a great social service because through their activities, production is increased, capital investments are expanded and a higher standard of living is realized. Banking industry known for its contribution to economic development are fore runners in the adoption of IFRS in Nigeria and the choice of the banking industry for this research is informed by the fact that the banking sector in Nigeria is the most organized, highly regulated and well-structured sector in the country who have readily and fully adopted the new standard at the time of this research.

Value Relevance Concept and Application to Banking sector
Value relevance has been defined as the ability of information that is presented by financial statements to capture and summarize firm value. According to Suadiye, (2012) value relevance can be measured by the statistical relations between information that financial statements present and stock market values or returns. Also, Ohlson model (1995) relates market value of a firm to accounting data (earnings, book values, and dividends). Therefore, value relevance study evolved to provide empirical evidence of statistical relationship that exist between accounting numbers and corporate value. Lawani, Umanhonlen and Okolie (2015), observed that the direction of the relationship between value relevance and conservatism is unclear and that the most important source of externally feasible information on companies is the financial statement. According to Lawani et al (2015) the international accounting standard board for the preparation and presentation of financial statement (IASB Framework) says in paragraph 26 that information is relevant "when it influences the economic decisions of users by helping them evaluate past, present or future events or confirming, or correcting, their past evaluations. A number of accounting variables have been used to explain equity value and equity return. Earning is an important variable affecting the market value of equity share (Bhatt and Sumangala, 2012). Obaidat (2007) suggested the basic characteristics that qualify accounting information to be relevant as listed below:
i. Predictive value: Predictability of earnings of earning is highly imperative for relevance because it is capable of predicting future earnings and cash flows.
ii. Feedback value: This is believed to mean the ability of accounting information users to correct and confirm past predictions. According to Barua (1996), feedback value is used to change predictions about future earnings.
iii. Deadlines: this implies making information available to investors at the right time when it is mostly needed.

For reckoning, Gupta, and Jayadev (2016) argued that bank equity is sensitive to earnings risk arising through possible defaults on loans and potential variability in growth and profitability. Morgan & Stiroh, 2001 believed that accounting information on return and risk such as Return on assets (ROA), Non-Performing Assets (NPA) and Loan Loss Provisions (LLP) are relevant to reflect portfolio decisions made by investors. Meanwhile Francis and Schipper (1999) identified four approaches to study the value relevance of accounting information:-
i. The fundamental analysis view of value relevance: Fundamental analysis involves determining a firm's intrinsic value without reference to the price at which the firm's equity trades on the stock market (Bauman, 1996). Under this approach, financial statement information leads stock prices by capturing intrinsic share values toward which stock

prices drift (Francis and Schipper, 1999). Because under this approach it is not assumed that the market reflects all the available information at all times, it allows for an inefficient stock market. Value relevance would be measured as the returns generated from implementing accounting-based trading rules.

ii. The prediction view of value relevance: The prediction view focuses on the relevant variables used in valuation and how to predict them. Financial information is relevant if it contains variables used in a valuation model or assists in predicting those variables (Francis and Schipper, 1999). Information is relevant when it can be used to predict future earnings, future dividends, future cash flows, or future book values. The third and fourth views of value relevance are based on the statistical association between accounting information and prices or returns.
iii. The information view of value relevance: Under this approach, accounting is value relevant if accounting information is used by investors when setting prices. The interpretation assumes that the stock market is efficient. It uses statistical association measures as an indicator to see whether investors really use the new information and causes to revise their expectations. Studies under this approach have the purpose to study the market reaction to accounting disclosure over short time periods (Beaver, 1997).
iv. The measurement view of value relevance: The measurement view of value relevance is a statistical association between accounting information and market values or returns, particularly over a long window, which means that the accounting information is correlated with information used by investors. Value relevance is measured by the ability of financial statement information to capture or summarize information, regardless of source, that affects share values

International Financial Reporting Standards (IFRS) and Value Relevance of Banks Financial Information

The term International Financial Reporting Standards (IFRS) is described as a set of principle-based rules and regulations issued and established by International Accounting standards Board (IASB) and generally accepted by different countries around the world Desoky and Mousa (2014). Evidence provided in the international accounting literature reveals that influence of IFRS adoption involve three elements including the accounting information presented in financial statements, harmonization of accounting practices and efficiency of markets (Callao et al, 2007). Also, Barth (2008) argued that adoption of IFRS improved the function of global capital markets by providing high quality accounting information to investors. Even before IFRS became mandatory to different countries around the world, many firms have voluntarily switched to IFRS and the effects of voluntarily adoption has been identified by different authors. For instance, Akpaka (2015) observes that in 2005 EU commission issued a legislation to require the use of IASB standards for all listed firms thereby making IFRS mandatory. In response to this, over a Hundred and Fifteen (115) countries have adopted IFRS of which Nigeria is not an exception. Bolibok (2014) investigates the impact of IFRS on the value relevance of fundamental accounting data announced by banks listed on the Warsaw Stock Exchange over the period 1998– 2012 based on the Ohlson residual income valuation model and found that the observed increase in the value relevance of both book values of equity and residual incomes of banks after introduction of IFRS is statistically insignificant.

According to Adebimpe & Ekwere (2015), before the global convergence to International Financial Reporting Standards (IFRS), different countries of the world have had their respective accounting standards, developed, issued and regulated by their respective local bodies. In Nigeria for instance, the Nigerian Accounting Standards Board (NASB) was responsible for developing, issuing and regulating of statement of accounting standards (SAS) since 1982 till July 20th, 2011 when the Financial Reporting Council Bill was signed into law. Recently, globalization and internationalization of the capital market have popularized IFRS. The standards which have now become a world standard is a set of principles-based accounting standards developed and issued by the International Accounting Standards Board (IASB) for the preparation of public company financial statements. Every country is expected to converge to IFRS. As at December, 2013, over 150 countries had converged to IFRS. The findings from the study of Jinadu (2016) revealed that the adoption of IFRS has a positive and significant effect on the value relevance of accounting information. The study of Sanyaolu, Iyoha, and Ojeka (2016) concludes that IFRS adoption has improved the decision making capability of the various stakeholders, thus, increasing investor confidence and the inflow of capital in the country through foreign direct investment.

Escaffre and Sefsaf (2011) believe that IFRS is supposed to provide equity investors, with more useful information on the true financial position of companies, which in turn should lead to higher coherence between reported accounting data and market value of listed companies. According to the Report of the committee on road map to adoption of IFRS in Nigeria, (NASB, 2010), the benefits of IFRS adoption have been classified into general benefits and specific benefits.

The general benefits include: -

i. It offers organisations opportunity for a fresh look at their processes and policies.
ii. It also gives room for one basis of accounting (simplify local statutory reporting, cross-border transactions, strengthening of controls and efficiencies in future reporting).
iii. It may further lead to standardisation of practices across countries (that is, consistency of global accounting policies and procedures, shared service centre deployment and streamlined merger and acquisition activities).
iv. It leads to improved comparability across borders and within global industries, with worldwide peers and competitors.

While the specific benefits include: -

i. Ability to make useful and meaningful comparisons of investments portfolios in different countries
ii. Multi-national companies find it easy consolidation of financial statements;

iii. Better management control; as harmonization would aid internal communication of financial information; and
iv. Easier to comply with the reporting requirements of overseas stock exchanges Promotion of trade within the region through common accounting practices; and Ability to compile meaningful data on the performance of various enterprises within the region.
v. Assist governments in attracting international investors as adoption of IFRS enables international investors easy monitoring of overseas investments.
vii. Easier access to external capital by companies
viii. Global comparability of financial statements;
ix, Transparency and enhanced disclosures and seal of quality corporate reporting. `

3. Methodology

A mixed research approach is adopted for this study to explain the study variables. According to Leech and Onwuegbuzie (2008) mixed methods research represents research that involves collecting, analyzing, and interpreting quantitative and qualitative data in a single study or in a series of studies that investigate the same underlying phenomenon. For the purpose of this study transformative mixed research is used. According to Johnson, Onwuegbuzie and Turner (2007) transformative mixed research involves qualitative and quantitative data collection and analysis concurrently or sequentially.The study areas for the primary data shall be gathered from both the preparers and users of financial information who are members of the Institute of Chartered Accountants of Nigeria (ICAN). These categories of respondents are directors/finance managers who are saddled with the responsibilities of preparation of financial reports at the corporate headquarters of the selected NDMBs in Lagos. Generally, the corporate headquarters of the selected banks are located at Victoria Island, Lagos State, Nigeria. Further, deposits money banks have been selected as the base of the study because banking industry is viewed as the most organized and regulated sector in Nigeria whose annual report is easily accessible for quantitative analysis.The population of the study consists of 19 Deposit Money Banks listed on the Nigerian Stock Exchange as at 31st December, 2016. For the survey research design, the preparers are (183) represented by Directors/Finance Managers who are chartered accountants. The users of financial reports are investors represented by (225) investment analysts. The study population for both preparers and users of financial reports of the 19 DMBs listed on the Nigerian Stock Exchange as at 31st December, 2016 amounted to 408 respondents. A sample of 200 respondents was selected at random through a simple random sampling technique representing 49% of the total population for the qualitative research while the sample size for the correlational research design consists of seven banks which were selected purposively. The secondary data for the study was obtained from published annual reports and accounts of banks available on bank’s website and Nigerian Stock Exchange FACT book. Pearson Product Moment Correlation Coefficient will be used for the analysis of relationship between IFRS adoption variables and value relevance in the NDMBs. To analyze the secondary data in order to provide answer to research question on the extent to which IFRS adoption influences value relevance of financial information of NDMBs, correlational research design and Edward, Bells and Olhson (EBO) model were adopted in order to make inference on value relevance of pre and post IFRS adoption in the NDMBs. EPS, CEPS and BVPS which serve as the independent variables in the study while share price is the dependent variable. General least square (GLS) multiple regression analyses are employed to analyse the panel data based on random effect model using SPSS 17 statistical tool. The random effect is arrived at from the outcome of Durbin-Wu-Hausman test which made it possible to make a choice between the fixed effects model and random effects model. For the fitness and robustness of the model adopted for the study, Breusch-Pagan/Cook-Weisberg tests for heteroskedasticity and multi-collinearity test for auto correlation were conducted to evaluate the fitness of the model.

4. Results and Discussions

Response on key issues relating to the relations between IFRS adoption indices and value relevance variables in NDMBs

Table 4.1 to 4.3 displayed the results of questionnaire administered on sampled respondents preparers and users of banks financial statements as regards IFRS influence on value relevance. The result of the hypothesis tested showed the correlation coefficient r calculated of 0.69 (at 0.5 level of significance) indicating significant relationship between adoption of IFRS variables and value relevance indexes in the NDMBs. The finding of this section is consistent with the research finding of Opkala (2012) who found that there is a significant relationship IFRS adoption and FDI in Nigeria while investigating the adoption of IFRS and financial statements effects.

Table 4.1: Responses on relationship between IFRS adoption indexes and value relevance variables in the NDMBs

Item		Preparers of Financial Statements (Financial Managers)105					Users of Financial Statements (Financial Analysts) 20				
	Variables Responses (%)	SA %	A %	N %	D %	SD	SA %	A %	N %	D	SD % %
1	Reliability of financial information means the ability of information to be dependable by users	81	24	0	0	0	16	4	0	0	0
		77	23	0	0	0	80	20	0	0	0
2	Reliable financial information can be trusted and used by any group of users	53	52	0	0	0	10	10	0	0	0
		51	49	0	0	0	50	50	0	0	0
3	People will be willing to use a financial report that is IFRS based	37	65	0	3	0	7	12	0	1	0
		35	62	0	3	0	35	60	0	5	0
4	It is good to have confidence in IFRS	40	65	0	0	0	8	12	0	0	0
	compliant financial report	3 8	62	0	0	0	4 0	60	0	0	0
5	Uniformity means having consistent financial reports across board of NDMBs	4	50	6	2	0	9	9	1	1	0
		4	47	6	2	0	4	45	5	5	0
6	Adoption of IFRS makes NDMBs to have the same set of reports	5	42	2	6	0	1	7	1	1	0
		5	40	2	6	0	5	35	5	5	0
7	Performance of each NDMB can be rated based on the same set of reports	4	50	2	6	0	9	9	1	1	0
		4	47	2	6	0	4	45	5	5	0
8	Comparability means that of NDMBs can be compared using the same standard	5	46	0	0	0	1	9	0	0	0
		5	44	0	0	0	5	45	0	0	0
9	Adoption of IFRS enables comparison of performance with one DMB with another within the same industry	4	59	0	0	0	9	11	0	0	0
		4	59	0	0	0	4	55	0	0	0
10	IFRS adoption guides control of decisions of the investors using the NDMBs reports	5	44	6	2	2	9	8	1	1	1
		4	41	6	2	2	4	40	5	5	5
11	IFRS adoption gives confidence to the investors in the NDMBs	3	60	6	2	2	7	10	1	1	1
		3	57	6	2	2	3	50	5	5	5
12	IFRS adoption promotes quality investment decisions in the NDMBs	4	60	2	2	0	8	10	1	1	0
		3	57	2	2	0	4	50	5	5	0
13	IFRS adoption influences International Investment decision hence has relations with value relevance	4	56	2	0	0	9	10	1	0	0
		4	53	2	0	0	4	50	5	0	0

Source: Field Survey, 2017

Table 4.2: Weighted average of responses (WAR) on key issues regarding relations between IFRS adoption indexes and value relevance variables

	Preparers of Financial Statements					Users of Financial Statements				
Variables %	SA %	A %	N %	D %	SD %	SA %	A %	N %	D %	SD %
WAR	49	52	3.7	3	0.3	9.5	9.3	0.5	0.5	0.20
%	45	48	3	2.8	1.2	47.5	46.5	2.5	2.5	1

Source: Author's computation, 2017

Table 4.3: Calculation of correlation using Pearson Product Moment Correlation Coefficient

Options	**Preparers of Financial Statements**					**Users of Financial Statements**				
	Points X	**Responses Y**	**XY**	X^2	Y^2	**Points X**	**Responses Y**	**XY**	X^2	Y^2
SA	5	49	245	25	2401	5	9.5	47.5	25	90.25
A	4	52	208	16	2704	4	9.3	37.2	16	86.49
N	3	3.7	11.1	9	13.69	3	0.5	1.5	9	0.25
D	2	3	6	4	9	2	0.5	1	4	0.25
SD	1	0.3	0.3	1	0.09	1	0.2	0.2	1	0.40
∑	**15**	**108**	**470.4**	**55**	**5127.78**	**15**	**20**	**87.4**	**55**	**177.64**

Source: Author's computation, 2017

r = 0.693 = **69.3%**

4.4 Pre –IFRS Adoption: Pearson Correlation Matrix of the Dependent and Independent Variables

Table 4.4 shows the relationship that exists between the dependent and independent variables used in this study. The relationship that exists between SP and EPS assumes positive dimension, that is, 0.54. The implication of this is that an increase in one automatically leads to an increase in the other one. SP and CEPS have negative correlation with coefficient of -0.083 and to BVPS at -0.030. This shows that an increase in SP leads to decrease in BVPS and CEPS of NDMBs. Meanwhile, EPS is positively correlated with SP, CEPS and BVPS with 0.54, 0.26 and 0.178 respectively. Meaning that, an increase in EPS leads to high increase in Share Price but lower increase in CEPS and NBPS. The Pearson correlation matrix table below shows the absence of multicolinearity among the variables because none of the variables has high correlation with one another.

Table 4.4: Pre-IFRS Adoption: Pearson Correlation Matrix of the Dependent and Independent Variables.

Value	**SP**	**EPS**	**CEPS**	**BVPS**
SP	**1**			
EPS	**.536**	**1**		
CEPS	**-.083**	**.257**	**1**	
BVPS	**-.030**	**.178**	**.157**	**1**

Relevance Pre-IFRS Adoption Financial Information

From table 4.5 the overall value relevance of pre-IFRS financial information reveals that EPS, CEPS and BVPS in aggregate explains 35% variation in share prices as revealed by overall R- squared of 0.35. The results of Wald chi2 which is 16.70 and prob>chi2 of 0.008 further shows that the model is fit and significant at 1%. From the result, it is clear that 35% of variations in share price is dependent on pre-IFRS financial information holding other variables constant. This indicates that pre-IFRS financial information is value relevant however, having an overwhelming effect of EPS. The result is consistent with the findings of Ai-deehani (2005), Agostino (2009) and Keener (2011).

Table 4.5 Pre-IFRS Adoption Random Effect Regression Result

Variables	Coefficient	Std Error	Z	P>/z/
Constant	8.389	3.044	2.76	0.006
EPS	9.012	2.228	4.04	0.000
CEPS	-4.069	2.744	-1.48	0.138
BVPS	-0.149	0.213	-0.70	0.463
R-squared: Within	0.0591			
Between	0.7646			
Overall	0.3500			
Wald chi2	16.70			
Prob>chi2	0.0008			

Source: Random Effect Regression Output from SPSS 17, 2017.
Source: Random Effect Regression Output from SPSS 17, 2017.

Post-IFRS Adoption Correlation Matrix of the Dependent and Independent Variables

Table 4.6 shows the relationship between the variables used for post IFRS adoption analysis. It shows that SP is positively correlated with EPS, CEPS and BVPS at 0.36, 096 and 0.10 respectively. It simply implies that SP and EPS have higher positive relationship but lower with CEPS and BVPS. Invariably, higher earnings attract higher SP but net asset has a little to influence share price of DMBs. EPS correlates positively with SP at 0.43 and CEPS 0.54 while negatively with BVPS -0.14. CEPS is highly positively correlated with EPS which is expected since CEPS is derived from EPS but EPS and BVPS relationship shows that increased EPS goes with decrease in BVPS. CEPS is negatively related to BVPS at -0.069 and by implication move in opposite direction such that when there is a positive change in earnings the net asset of firm tend to reduce. Moreover, CEPS is also related positively to EPS and SP which is expected and BVPS is positively related to SP while it has a negative relationship with EPS and CEPS.
Invariably, higher earnings attract higher SP which automatically enhances the confidence of investors in the financial statements after the adoption. This is so because earnings are the major stimulants of investment decisions in the shares of any bank in Nigeria. Therefore, there is enough evidence for the researcher to reject the null hypothesis (Ho2)that states that “IFRS adoption does not significantly influence users’ confidence in the financial statement”. Hence, the researcher concludes that IFRS adoption significantly influences users’ confidence in the financial statement of NDMBs.

Table 4.6: Post -IFRS Adoption: Pearson Correlation Matrix of the Dependent and Independent Variables.

	SP	EPS	CEPS	BVPS
SP	1			
EPS	.368	1		
CEPS	.096	.536	1	
BVPS	.103	-.136	-.069	1

Source: Pearson Correlation Matrix from SPSS 17, 2017. Random Effect Model Regression

The result of the post IFRS random effect regression is presented in the table 4.7 below and the findings will be discussed in this section.

Table 4.16: Post-IFRS Adoption Random Effect Regression Result

	Coefficient	Std Error	Z	P>/z/
Constant	9.605	2.753	3.49	0.000
EPS	0.105	0.041	2.580	0.010
CEPS	-0.008	0.030	-0.280	0.783
BVPS	0.026	0.369	0.710	0.480
R-squared: Within	0.2745			
Between	0.2257			
Overall	0.1596			
Wald chi2	10.54			
Prob>chi2	0.0145			

Source: Random Effect Regression Output from SPSS 17, 2017.

Post IFRS Adoption and Value Relevance of Financial Statement

The overall result from the post IFRS regression analysis reveals that R-squared overall is 0.159 which means that 16% variation in share price is explained by variation in post IFRS financial information. Moreover, the Wald chi2 at 10.54 and P>0.145 is significant at 5% it thereby depicts that the model is fit and reliable. This result shows that post IFRS financial information has aweak value relevance. However, the elements that made up financial information are not value relevant in post IFRS adoption thereby giving a low cumulative relationship to share price. This results indicates that IFRS adoption does not enhance value relevance of financial information in the Nigerian DMBs. This supports the findings of Bridges (2009), Khanagha (2011), Palea (2013) Akpaka (2015); Clarkson et al (2011), Psaroulis (2011), Qu and Zhang (2010) for UAE while it contradicts the findings of Agostino (2009), Turel (2009), Kargin (2013), Lee (2013), Galaen & Stenheim (2010) Adebimpe and Ekwere (2012); Lee et al (2013), Gjerde (2008) and Alfaraih (2009).

5. Conclusion and Recommendation

From the empirical results of the research findings, the study concludes that there is significant relationship between IFRS adoption indexes and value relevance variables in the Nigerian Deposit Money Banks from both angles to the analysis. Howeverthe elements that made up financial information are not value relevant in post IFRS adoption thereby giving a low cumulative relationship to share price. Hence, the researcher concludes that IFRS adoption does not enhance value relevance of financial information in the Nigerian DMBs during the period of review. Share Price and Earning Per Share have higher positive relationship but lower with CEPS and BVPS. Invariably, higher earnings attract higher SP which automatically enhances the confidence of investors in the financial statement after the adoption. This is so because earnings per share are the major stimulants of investment decisions in the shares of any bank in Nigeria. Therefore, it is concluded that IFRS adoption influences users' confidence in the financial statement of NDMBs.

In the light of the results and findings cum with the fact that IFRS adoption has been made mandatory there is the need for efforts of preparers and auditors of DMBs in Nigeria to increase effort at improving the value relevance of the financial statements so as to gain from its benefits like in the case with developed countries.

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