Institutional Characteristics and the Comparability of Financial Reporting of Selected Listed Deposit Money Banks in Nigeria

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ABSTRACT

Financial reporting of listed deposit money banks is important for monitoring and to enhance decision making. To be able to achieve these functions it needs to be comparable with information gotten from other reporting entities for the users of account to make meaning from it. Hence, this study is designed to examine the effect of institutional characteristics on the comparability of financial reporting of selected listed deposit money banks in Nigeria. This study is hinged on the stakeholders' theory which explains the interaction between the dependent and independent variables and the business environment. The expost facto research design is used in this study and the type of data used is the secondary data which was gathered from the various audited annual reports of the sample banks selected. The population of this study is made up of the twelve listed deposit money banks in Nigeria out of which a sample size of ten were purposively selected. Multiple regression was used in examining the effect of the independent variable (institutional characteristics) on the dependent variable (comparability). The result of the data analysis shows that institutional characteristics have a low effect on the understandability of financial reporting of listed deposit money banks. However, it is concluded that institutional characteristics has a significant effect on the understandability of financial reporting of listed deposit money banks in Nigeria. It is therefore recommended from the study that to enhance comparability, global accounting bodies need to promote it.

Keywords: Financial Literacy, Institutional Characteristics, Quality Financial Reporting, Stakeholders, Comparability.

INTRODUCTION

In the 21st century, firms have experienced unexpected wind-up even after the recent publications of financial reports which showed burgoos profit (Ogungbade, Adekoya & Olugbodi, 2021). They further explained that it is disturbing that such financial reports were actually vetted by auditors who gave them a clean audit report thus leaving stakeholders with doubt as to the quality of financial reports. Down the line, in response to the global demand for the improvement in the quality of financial reporting, the International Accounting Standards Board promoted the creation of the International Financial Reporting Standard (IFRS) (Olaoye & Aguguom, 2017). They posited that in the adoption of the standard by countries, transparency and comparability will be enhanced which will boost cross-border investment amongst other benefits. This is evidenced with the requirement of making more disclosures in the financial reporting preparation process which aims at promoting transparency in financial reporting.

Thus, IFRS is aimed at improving the quality (comparability and transparency) of financial reporting. However, despite the adoption of IFRS, there are still traces of low quality reporting as institutional features in various economies still have an influence on the financial reporting quality (Akman, 2011). Low financial reporting quality has contributed to the wind-up of businesses which marks the loss of investors' funds, the loss of employment for employees of such businesses (Ogbenjuwa, 2016). In addition, Ogungbade, Adekoya and Olugbodi (2021) show evidence of earnings management as a financial reporting quality issue which if not properly managed can have adverse effect on a firm. The main objective of this study is to examine the effect of institutional characteristics on the understandability of financial reporting of deposit money banks in Nigeria.

REVIEW OF LITERATURE

- **Conceptual Review**

Comparability

Comparability is an enhancing quality of financial reporting that is described by IASB (2010) as the feature of financial reporting that aid the users of financial reports to identify similarities in information under different circumstances due to consistency in the use of accounting methods used in the preparation of the financial reports. It means that given the same use of accounting methods by different firms within the same industry, their information can be compared with each other (Owolabi, Okere & Adeleke, 2020). Consistency refers to using the same set of accounting methods given the same substance (Soyinka, Fagbayimu, Adegoroye & Ogunmola, 2017). Riley (2012) pointed out that comparability makes it possible for comparing both inter and intra firm activities.

Past studies show that the information content of financial report is being influenced by choices of similar firms (Beauty, Liao & Yu, 2013). Hence, management may use the financial reports of these similar firms to acquire information to guide their financial reporting preparation process for benchmarking and cost saving purpose (Chen & Gong, 2019). According to Caglio and Cameran (2017), comparability assists in the interpretation of accounting information which assists in the promotion of a more accurate view.

Studies in respect to the effect of IFRS adoption on the comparability of financial report have produced a mixed result. While some support that IFRS adoption has not improved the level of comparability of financial reports (Mahboub, 2017), while others found out that IFRS adoption indeed promotes the comparability of financial report (Osasere & Ilaboya, 2018; Yurisandi & Puspitasari, 2015). Comparability assists users to better understand a firm and its environment (Chen & Gong, 2019). They further posit that comparability helps in improving the accuracy of financial analysts forecast. Furthermore, as a result of comparability, the problem of information asymmetry is reduced.

Comparability can be measured using De Franco, Kothari and Verdi (2011) model which identifies financial restatements as the absolute value of the estimated residuals that arise from modified accruals earnings management and audit fee. In addition, Beest, Braam and Boelen ((2009) produced a qualitative measure checklist to aid researchers in measuring comparability. But Braam and Beest (2013) states that must researchers find it cumbersome to use. Chen and Gong (2019) further explain that an inverse relationship exists between comparability audit fees, financial restatement and absolute discretionary accruals. They also opine that comparability has a positive relationship with persistence in discretionary accruals.

In addition, they opine that comparability is outside of manager's decision and influence. Comparability limits the negative practice of earnings management (Sohn, 2016). Chen and Gong (2019) further posits that comparability can be endogenous or exogenous. That is, comparability can involve comparing current year accounting information with previous year accounting information within a firm or alternatively, it involves carrying out comparison of accounting information between two firms. In summary, comparability assists in providing a full picture of the firm's activities.

Institutional Characteristics

Shehu and Bello (2013) describe firm characteristics to mean the structure of a company which is unique to the company. As shown by Farouk, Magaji and Egga (2019) institutional characteristics is broader and does not just include only internal features (such as ownership structure, the size of the firm, age of the firm, corporate governance structure, financial leverage, financial performance amongst others) but also external features (such as regulated market, influence of the political environment, macro-economic features amongst others).

The review of literature shows that studies set to identify factors that affect financial reporting quality either focuses on internal or external features of institutions. For instance, studies that focus on internal features include those that centered on board structure or corporate governance structure (Eriabie & Izedonmi, 2016; Gajevszky, 2016; Ibrahim & Jehu, 2018; Osarumwense & Aderemi, 2016; Siyanbola *et al*, 2019), and others on firm characteristics (Soyemi & Olawale, 2019). While those that focused on external features examined factors such as culture (Naghshbandi, Ombati & Khosravi, 2016; Rotberg, 2016; Zare & Mohammedi, 2016), regulatory environment (Adeniran & Efuntade; Dargenidou. Jaafar & Mcleay, 2014; Njam & Jahfer, 2016).

- **Theoretical Framework**

Stakeholders Theory

The development of the stakeholders' theory is credited to Edward R. Freeman in 1984 who explained it within the framework of business ethics. The stakeholder theory can be used in predicting a firm's behavior and to explain how it operates (Brenner & Cochram, 1991). For instance, Brenner and Moander (1977) used the theory to explain how managers' carryout their role of managing firms, Wang and Dewhirst (1992) used the theory to explain how the board consider the interest of various members of their corporate environment in carrying out their operations.

According to the Stanford Research Institute in 1963, they explained stakeholders to be a composition of various groups without who's backing a firm might not be able to exist. Freeman (1984) gives further meaning to this position by stating that managers must seek ways of maintaining relationships with stakeholders so as to be able to meet up with their own goals. This clarifies the position that managers must be able to manage the relationship of other stakeholders which in this position is the provider of future funds to allow the business expand in its operations and grow. Therefore, the importance of financial reporting cannot be overemphasized.

Donaldson and Preston (1995) further states that the stakeholder theory can be viewed from three broad perspectives which are the descriptive perspective, instrumental perspective and the normative perspective. First of all, the descriptive stream of literature, attempts to explain managers' behavior in view of the pressures from the environment. While the instrumental perspective they described as being prescriptive in the sense that it tries to spell out practices or principles to be kept in order to achieve certain results in order words these stream of studies try to validate a proposition (hypothesis). The normative view on the other hand is considered as categorical as it tries to explain by reasoning out the choice of certain actions by organizations in respect of the interests of various groups in the environment. Most studies carried out on stakeholders' in literature tend to be normative (Donaldson & Preston, 1995). However, the instrumental perspective is used in this study as propositions (hypotheses) will be tested in this study. In order to prescribe principles to ensure that high quality financial reporting is maintained to meet the needs of not only the shareholders but also of other users in the corporate environment.

Nader and Green (1973) argue against the universal agreement on distributive justice as various interest groups in the corporate environment have their own goals which vary from one group to the other. Hence Freeman (1984) explains that a critical analysis of stakeholders and their stake in the firm is needed in order to meet the minimum legal requirements and thus have a legitimate right to existence. In the light of this, Nwaobia, Kwarbai, Jayeoba and Ajibade (2016) posited that financial reporting quality significantly influenced potential investors and other sources of funds decision. Therefore, this theory highlights the importance of the dependent variable of this study which is quality of financial reporting and also explains the role that management which is sub-variable of the independent variable must play in enhancing the quality of financial reporting.

- **Empirical Review**

Unlike like other related studies on institutional characteristics, studies on institutional characteristics and comparability seem to majorly agree that institutional characteristics significantly affect comparability of financial reporting.

For instance, Zeff (2007) who carried out a study with the aim of identifying global obstacles that hindered the comparability of financial reports produced among various countries. The qualitative research method was used with a desk review conducted in reviewing literature. It was pointed out from the study that despite the creation of the International Accounting Standards Board (IASB), there is still politicking at IASB by multinational firms. In a different direction, Beest, Bram and Boelens (2009) carried out a study which focused on identifying a measuring tool that would be used to capture the qualitative features of quality financial reporting based on the International Accounting Standards Board (IASB) conceptual framework. From their study a comprehensive checklist tool used to measure the qualitative features of quality financial reporting was developed and tested on selected companies across the United States, The United Kingdom and Netherland. A mixed research method was used in discussing literature and also analyzing secondary data gotten. They pointed out also from their study that company size, country and industry all have an impact on the qualitative features of financial reporting.

Also, Chariri (2009) conducted a study to examine ethical culture on financial reporting. The study was based on a qualitative research method with desk review used to analyze existing literature. It was pointed out from the study that the environment actually influenced financial reporting practice and that quality reporting is used to gain legitimacy and to maintain social harmony in the environment where the business is situated

On a wider scale, Guan and Pourjalali (2010) examined the effect of environmental culture and accounting regulation on earnings management. This study was carried out across 27 countries using the *expost facto* research design and multiple regression analysis to analyze the data obtained. It was revealed from the study that culture i.e. individualism, power distance and masculinity all have a significant effect on the level of earnings management practiced by organizations. On a similar magnitude, Cardona, Castro-Gonzalez and Rios-Figueroa (2014) carried out a study across sixty-nine countries which are found on various continents such as North America, South America, Asia, Europe, Africa and Oceania with the aim of examining the impact of culture and economic factors such as investors protection, market size and access to the capital market affects the decision on choice of accounting standards. The quantitative research method was used while the *expost facto* research design was used in collating secondary data from which were analyzed with the multi-regression statistical tool. It was revealed from the study that culture and some economic factors do affect the decision on the choice of accounting standards.

Similarly, but taking a different approach, Skotarczyk (2011) also conducted a study in the same direction but assessing the effect of culture on the implementation of the International Financial Reporting Standards (IFRS). The qualitative research method was used in carrying out the study with the desk review used in analyzing past literature. It was pointed out that culture plays a vital role in the convergence of accounting practice.

In another direction, Akman (2011) investigated how IFRS adoption affected financial disclosure practice across six countries. The quantitative research method was used with the *expost facto* research design adopted.

The multiple regression analysis was used in analyzing the data gotten. It was deduced from the study that differences in financial disclosure is eliminated with the introduction of IFRS.

Identifying other institutional characteristics, Eldund (2012) carried out a study to identify reasons for the presumed low financial reporting among Chinese firms. The mixed research method was used in carrying out the study and it was revealed from the study that political pressure, ownership structure, low business ethics and tax avoidance have an effect on the quality of financial reporting. In a similar fashion, Hashim (2012) also examined the influence of culture on the quality of financial reporting of listed companies in Malaysia. The *expost facto* research design was used in the study in which secondary data was extracted from the audited annual reports of the sampled firms. It was revealed that the ethnic race of the Chairman, the Chief Executive Officer (CEO), racial composition of the board amongst other variables have a significant effect on the quality of financial reporting of listed firms in Malaysia.

In this stream of literature, Young (2012) examined cultural influences on accounting practice using the qualitative research method based on which a desk review of existing literature was analyzed. The study revealed that other institutional characteristics beyond the inner structure of the firms have a significant effect on the quality of financial reporting. The study specifically identified factors such as national culture, organizational culture, ethics and religion all affects the practice of accounting. Similarly, Cerne (2012) conducted a study to identify factors that caused the variations in accounting systems by reviewing literature through the qualitative research design. They discovered that capital market development, legal system, political system, business ownership structure and the level of accounting education all have a positive effect on accounting systems. Also, Shima and Yang (2012) examined factors that affected the adoption of the International Financial Reporting Standards (IFRS) across sixty-seven countries using the quantitative research method. They pointed out that various economic factors such as source of finance, legal system, taxation, political & economic ties affected the decision to adopt IFRS.

Kubickova, Kocmanova and Jindrichovska (2014) also examined past literature through a qualitative study to determine if culture actually affect financial reporting practice. The study showed that national culture and organizational culture do affect the practice of financial reporting.

Naghshbandi, Ombati and Khosravi (2016) carried out a qualitative study to review existing literature with the aim of identifying if culture still affected financial reporting even after the adoption of IFRS. They opine that culture still affects the financial reporting process even after IFRS adoption.

Similarly, in Vietnam, Nguyen (2016) conducted a study to identify if culture had an influence on accounting practice and on earnings management. A mixed research method was adopted in the study. It was revealed from the study that culture led to a variety in the practice of accounting and even in earnings management practice.

Nijam and Jahfer (2016) carried out a review of literature on the quality of financial reporting to identify if country factors affected financial reporting quality even after the adoption of IFRS. They posited that financial reporting quality is still affected by jurisdiction practices even after the adoption of IFRS.

Contrarily, Rotberg (2016) conducted a study to identify if culture and IFRS adoption affected the quality of financial reporting adopting a mixed research method.

In negation to popular position, the study showed that culture and IFRS adoption do not have a significant effect on the quality of financial reporting.

Chung (2017) undertook a study to examine how national cultures affect the comparability of financial reporting among countries. The *expost facto* research design was used in the study. It was revealed that culture has an influence over the comparability of financial report.

In Japan, Mukai (2017) carried out a quantitative research study with the view of assessing IFRS adoption on the comparability level of financial reporting of companies in the UK. It was deduced that IFRS actually increased the level of comparability of financial reports.

In Nigeria, Tapang, Bessong and Effiong (2012) assessed the impact of cultural dimension on the quality of financial amongst manufacturing companies in Nigeria. They adopted the survey research method and obtained primary data through the administration of questionnaire. They deduced that cultural dimensions had an effect on the quality of financial reporting of manufacturing companies in Nigeria.

In another development, Nyor (2013) examined users' perception on the quality of financial reporting in Nigeria. A field survey research design was used in collecting primary data. It was revealed from the study that users of financial reports in Nigeria judged it as being of average quality.

Similarly, Unegbu (2014) examined the development of the accounting process over time using the qualitative research method and analyzing data from existing literature based on a desk review. It was pointed out from the study that culture, government policies and judicial system all have an effect on the development of the accounting practice overtime.

Also, Adeyemon, Alege and Iyoha (2015) assessed how institutions in Nigeria affected the practice of accounting in Nigeria. The survey research method was used hence; primary data was gotten from respondents. The study pointed out that institutions such as the legal institutions, tertiary education institutions and the Financial Reporting Council of Nigeria (FRCN) all had an impact on the practice of accounting in Nigeria.

In addition, Ogbenjuwa (2016) conducted a study to examine if the adoption of the International Financial Reporting Standard (IFRS) has any effect on the quality of financial reporting among listed companies in Nigeria. The survey research method was used with primary data obtained from respondents. The finding from the study reveals that IFRS adoption in Nigeria has a significant effect on the quality of financial reporting.

Jinadu, Oluwafemi, Soyinka and Akanfe (2016) investigated if IFRS adoption affected the comparability of financial reports of listed firms in Nigeria. Their study was quantitative in nature and made use of secondary data. They opined that IFRS adoption has led to an increased level of comparability of financial reports.

Similarly, Osasere and Ilaboya (2018) undertook a study where they evaluated the effect of IFRS adoption on the IASB qualitative features of financial reporting in Nigeria. The *expost facto* research design was used in carrying out the study. It was discovered from the study that IFRS adoption has a significant positive effect on the qualitative features of financial reporting.

Consequently, Abdulmalik and Che-Ahmad (2019) examined the effect of regulatory changes on the quality of financial reporting in Nigeria. The *expost facto* research design was used in the study and secondary data were collected. They opined that regulatory changes have a positive effect on the quality of financial reporting.

However, abnormal audit fees and political connection has an adverse effect on the quality of financial reporting.

In a similar direction, addressing the quality of financial reports, Olaoye, Siyanbola and Audu (2022) examined the influence of institutional characteristics on the faithful representation of financial reporting of listed deposit money banks in Nigeria. They employed the ex-post facto research design and collected secondary data using content analysis. They pointed out that institutional features have a significant influence on the faithful representation of financial report of deposit money banks in Nigeria.

Similarly, Audu, Olaoye and Siyanbola examined the effect of institutional characteristics on the understandability of financial reports of deposit money banks in Nigeria. Secondary data was used and the population of the study comprised of the twelve listed banks in Nigeria. They also used content analysis to extract the qualitative features from the annual report. They showed that institutional characteristics does have a significant effect on the understandability of financial reports of deposit money banks in Nigeria

METHODOLOGY

The research design used to carry out this study is the expost facto design. The study population consist of the 12 listed deposit money bank according to the Central Bank of Nigeria in 2020. A sample of ten selected listed deposit money banks was made. The sample banks are selected using the purposive sampling technique. The selected listed deposit money banks consist of those that are not subsidiary of a parent company. Secondary data was used in this study and they were gathered from 2011 to 2020. The annual reports of the selected banks over a time from ranging from The multiple regression model was used to examine the effect of the independent variable (institutional characteristics) on the dependent variable (understandability). The model is shown below:

$UN = \beta_0 + \text{Log } \beta_1 \text{ FGB} + \text{Log } \beta_2 \text{BFL} + \text{Log } \beta_3 \text{ EQU} + \text{Log } \beta_4 \text{ LEV} + \text{Log } \beta_5 \text{ DA} + \text{Log } \beta_6 \text{ FSZ} + \text{Log } \beta_7 \text{ FAge} + e_i$

Where

β_0 = Intercept where QFR is zero

β_1 FGB = Number of Female Gender on the Board (Independent Variable)

β_2 BFL = Number of Board members that are Financially Literate (Independent Variable)

β_3 EQU = Equity Market Size/ development (Independent Variable)

β_4 LEV = Leverage (Independent Variable)

β_5 DA = Deposit to Asset (Independent Variable)

β_6 FSZ = Firm Size (Independent Variable)

β_7 FAge = Firm Age (Independent Variable)

UN = Understandability (Dependent Variable)

e_i = error term

DATA ANALYSIS AND DISCUSSION OF FINDINGS

Both the descriptive and inferential statistics results are discussed here:

Table 1. Descriptive Statistics

	MEAN	STD-DEV	MIN	MAX
CP	0.53	0.06	0.39	0.68

FGB	0.21	0.089	0	0.4
BFL	14.55	3.73	5	26
EQU	2.6	0.49	2	3
LEV	7.38	4.03	1.65	35.39
DA	0.723	0.170	0.47	1.89
FSZ	28.02	0.91	25.78	29.79
FAGE	39.5	25.94	5	103

Source: Researcher's Computation (2022)

CP: Comparability shows that on the average financial reporting is comparable by 53%. The average score as shown from this study is low. It means that financial reports among the listed deposit money banks are slightly different when compared among themselves and also when compared with earlier prepared formats. The result further shows that the standard deviation is 6% which shows that the deviation from the average score is not too wide. It is also shown in the table that the minimum score obtained by the selected firms in this study on comparability is 39% while the highest observed is 68%. This indicates that listed deposit money banks in Nigeria need to improve their financial reporting among themselves and over the past few years.

Test of Hypotheses

Research Hypothesis: Institutional characteristics do not significantly affect the understandability of financial reporting of deposit money banks in Nigeria.

Table 2: Estimation Results for Model Three

Estimation Techniques	**Prais-Winsten AR (1) Regression Iterated Estimates**			
Dependent Variable: CP	**Coeff.**	**Std. Err**	**T-Stat**	**Prob.**
Constant	-.1148	.2640	-0.43	0.665
FGB	.04078	.0705	0.58	0.565
BFL	-.00063	.00179	-0.36	0.723
EQU	.0114	.0175	0.65	0.517
LEV	.0031	.0016	1.98	0.050
DA	.0210	.0433	0.48	0.629
FSZ	.02085	.0100	2.08	0.040
FAGE	-.000005	.00026	-0.02	0.982

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Adjusted R^2	
F-Stat	0.125
Hausman Test	$F_{(7,92)}$ = 3.04 (0.00)
LM Test	$Chi^2_{(6)}$ = 3.05 (0.802)
Heteroskedasticity Test	$Chi^2_{(1)}$ = 0.69 (0.202)
Serial Correlation Test	$Chi^2_{(1)}$ = 1.55 (0.213)
Cross-Sect Dep. Test	$F_{(1,9)}$ = 5.90 (0.038)

Source: Researcher's Work (2022) @Chosen Significant level of 5%

$CP = \beta_0 + Log\ \beta_1\ FGB + Log\ \beta_2 BFL + Log\ \beta_3\ EQU + Log\ \beta_4\ LEV + Log\ \beta_5\ DA + Log\ \beta_6\ FSZ + Log\ \beta_7\ FAge + e_i$

CP = -0.43 + .04078 FGB + -.00063BFL + .0114EQU + .0031LEV + .0210DA + .02085FSZ + -.000005 FAge

T-test = -3.01 0.58 -0.36 0.65 1.98 0.48 2.08 -0.02

Post Estimations Test Interpretation

In a bid to determine the most suitable method of estimating the regression for model three which examined the effect of institutional characteristics on the comparability of financial reporting of deposit money banks in Nigeria among pooled OLS, fixed effects and random effects results as presented in Table 2 , the Hausman test was carried out; and based on the result of the test with the *p-value* of 0.802, that is, 80.2 percent which is greater than the 5 percent level of significance chosen for the study reveals that random effects is the most appropriate estimator according to its null hypothesis which states that there is presence of systematic difference in the model coefficients; thus, the study reject the null hypothesis.

Although, the Hausman test result revealed the appropriateness of random effects; however, the confirmation of the result of the Hausman test was carried out using 'LM for random effect' as this test helps to decide the appropriate model between the random effects and Pooled OLS regression. The results of the LM with *p-value* of 0.202, which is greater than the significance level of 5 percent; reject the appropriateness of fixed effect and the suitability of random effects in estimating the model three.

The model was tested for heteroskedasticity, and serial correlation to examine the robustness of the model. Heteroskedasticity test helps to examine whether the variations in the residuals of the model are constant over time or not; the null hypothesis states that the standard errors of the model are constant over time. This test was carried out using Breusch-Pagan/Cook-Weisberg test and the result of the heteroskedasticity with *p-value* of 0.21 which is more than the 5 percent level of significance selected for the study is an indicationof the absence of heteroskedasticity; that is the residuals of the model are constant over time, thus the model is homoscedastic.

Also, serial correlation test was carried out to determine the existence of autocorrelation among the residuals and the coefficients of the model. According to Baltagi, (2021), autocorrelation problem causes the standard errors of the coefficients to be smaller than their actual value and the coefficient of determination (R-squared) to be higher than normal. The null hypothesis of the test states that there is no serial correlation (no first order of autocorrelation). The test was carried out using Wooldridge test and the result with *p-value* of 0.038 (that is, 0.04 percent) which is less than the significance level of 5 percent is an indication that serial correlation problem does exist in the model.

Conclusively, the diagnostic tests revealed that the model is non-linear, evidenced from Ramsey RESET test but has serial correlation problem. As a result of this; Prais-Winsten Regression Iterated Estimates was used to estimate the effect of institutional characteristics on the relevance of financial reporting of deposit money banks in Nigeria.

Regression Equation Results

$$RV = \beta_0 + \text{Log } \beta_1 \text{ FGB} + \text{Log } \beta_2 \text{BFL} + \text{Log } \beta_3 \text{ EQU} + \text{Log } \beta_4 \text{ LEV} + \text{Log } \beta_5 \text{ DA} + \text{Log } \beta_6 \text{ FSZ} + \text{Log } \beta_7 \text{ FAge} + e_i$$

The model examined the effect of institutional characteristics on the comparability of financial reporting of deposit money banks in Nigeria. The regression estimates results revealed that: female gender on board (FGB) has a positive but not significant effect on Comparability of financial reporting (CP) (β = .041, *p = 0.565)*. This implies that a percent increase in FGB will lead to .041 percent increase in CP. This situation is similar with Equity Market Size (EQU) as EQU has a positive but not significant effect on comparability of financial reporting (CP) (β = .0114, *p = 0.517)*. This implies that a percent increase in LEV will lead to a significant 0.114 percent increase in CP. In addition, Deposit to Asset (DA) shows a positive and not-significant effect on the relevance of financial reporting (RV) (β = .0210, *p = 0.629)*. This implies that a percent increase in DA will lead to a non-significant .0210 percent increase in CP.

Table 2 on the other hand reveals that Leverage (LEV) and Firm Size (FSZ) also have positive but significant effect on comparability of financial reporting (CP) (β = .0031, *p = 0.05) and* (β = .02085, *p = 0.04) respectively*. This implies that a percent increase in LEV and FSZ will lead to 0.0031 and 0.02085 percent increase in CP.

On the flip side, table 2 shows that Board Financial Literacy (BFL) has a negative non-significant effect on comparability of financial reporting (CP) (β = -0.00063, *p = 0.723)*. This implies that a percent increase in BFL will lead to -.00063 percent decrease in CP. This is also the same situation with Firm Age (FAGE) as FAGE has a negative and non-significant effect on comparability of financial reporting (CP) (β = -0.001, *p = 0.982)*. This implies that a percent increase in FAGE will lead to -0.001 percent decrease in CP. Finally, the adjusted r square is shown as 0.125. This means that institutional characteristics in this study explains 12.5% of the comparability level of financial reporting of deposit money banks in Nigeria.

Decision

Based on the probability of F-statistics of 0.00 being less than the 5% chosen significant level of the study, this study thus decide that the null hypothesis for model three which states that “institutional characteristics does not have a significant effect on comparability of financial reporting of deposit money banks in Nigeria” be rejected.

CONCLUSION AND RECOMMENDATION

This study was carried out with the main objective of examining the effect of institutional characteristics on the comparability of financial reporting of listed deposit money banks in Nigeria. The result shows that institutional characteristics has a low effect on the comparability of financial reporting of listed deposit money banks in Nigeria.

In conclusion, this study points out that institutional characteristics has a significant effect on the comparability of financial reporting of listed deposit money banks in Nigeria.Hence, it is recommended that to enhance comparability, beyond the firm and national levels, globalaccounting bodies should promote comparability of financial reporting being produced.

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