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A Comparative Analysis of Nigerian Deposit Money Banks' Performance Pre and Post-Adoption of IFRS 9

Amos Adejare Aderibigbe[1*], Tunji Trimisiu Siyanbola[1], Ibukun Olalekan Fadairo[2]

[1] Department of Accounting, Crescent University, Abeokuta, Nigeria

[2]Federal University of Agriculture, Abeokuta, Nigeria

***Corresponding Author**

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ABSTRACT

Implementing IFRS 9 in Nigeria brought with it both opportunities and challenges to the banking industry which require a thorough analysis. A lot of questions remain unanswered on how the implementation of IFRS 9 impacts banks' bottom lines. This study aimed to assess how the adoption of IFRS 9 has affected the financial performance of Nigerian deposit money banks. The impact of the introduction of IFRS 9 on the performance of the DMBs in Nigeria was investigated by analyzing financial performance metrics, including return on assets (ROA) and return on equity (ROE). The study used Access Bank Limited (ACL), Guaranty Trust Bank Limited (GTB), United Bank for Africa Limited (UBA), and Zenith Bank Plc (ZB) as a case study. A paired sample t-test was used to analyze the data from the banks' financial reports for the five years before and after the adoption of the standard. The results implied that different banks saw different effects from the implementation of IFRS 9. Stability was shown by ABL while UBA showed a significant rise in both ROA and ROE, demonstrating successful planning and transition tactics. Major changes occurred at GTB and ZB, highlighting the significance of strategic financial planning and strong risk management frameworks in sailing through the challenges brought about by IFRS 9. According to the findings, Nigerian DMBs' ROA and ROE are significantly impacted by the standard's implementation. The study recommends that banks should maintain a proactive approach to monitor and adjust their financial strategies and operations accordingly given the ongoing evolution of accounting standards and regulatory requirements.

Keywords: Deposit Money Banks, financial performance, International Financial Reporting Standards, return on assets, return on equity

BACKGROUND OF THE STUDY

Judging from its primary goals of improving openness, comparability, and the usefulness of financial statements across various domains, International Financial Reporting Standards (IFRS) adoption signaled a paradigm shift in financial reporting practices globally. Nigeria, a prominent participant in the African banking industry, regards the adoption and application of IFRS as a critical turning point in the nation's continuous endeavors towards financial sector reform and global integration. Nigeria, the most important economy on the continent, has gained more confidence from domestic and foreign investors in its financial markets due to its alignment with international accounting standards, which also highlights its dedication to global best practices (Abdulmalik, 2020).

Among the IFRSs, IFRSs 7 and 9 are particularly important since they have a significant impact on Deposit Money Banks (DMBs) that operate in Nigeria's developing banking industry. Increased disclosures on financial instruments are mandatory by IFRS 7, financial instruments disclosures, which helps stakeholders assess the worth of these derivatives for an entity's value and performance (Bischof, 2009). The latest expected credit loss (ECL) model for identifying and quantifying losses due to financial asset impairment is introduced by IFRS 9,

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financial instruments, which radically change how banks handle credit risk assessment and provisioning (Al-Sakini et al., 2021).

For DMBs in Nigeria, the implementation of IFRS 9 brings with it both potential and challenges. Increased transparency regarding the risks related to financial instruments, such as credit, liquidity, and market risk, is required by IFRS 7. This improves transparency, helps stakeholders understand a bank's risk profile, and may even win over investors. All of these factors can have a positive impact on a bank's ability to obtain capital and funding costs. DMBs must make provisions for predicted credit losses hinged on progressive information as a result of the application of the ECL model under IFRS 9, which inevitably could result in higher provisioning levels and a decline in reported profits (Al-Sakini et al., 2021).

Dealing with these challenges while capitalizing on the opportunities presented by IFRS 9 requires Nigerian DMBs to strengthen their risk management capabilities, enhance data analytics capabilities, and ensure robust internal controls and governance frameworks. It also necessitates a proactive strategy for stakeholder engagement and communication in order to ensure that investors, regulators, and other stakeholders are aware of the effects this standard will have on the bank's financial performance and risk profile (Ntaikou et al., 2018). The implementation of IFRS 9 also emphasizes how dynamic financial reporting standards are and how banks need to adjust to shifting market conditions and regulatory landscapes. DMBs must continue to be adaptable and proactive in embracing innovation and adopting best practices in financial reporting and risk management as the Nigerian banking industry continues to change in response to technological advancements, shifting consumer preferences, and evolving regulatory requirements (Zango et al., 2015). Through the use of the opportunities provided by IFRS 9, Nigerian DMBs can improve their competitive position, promote operational efficiency, and provide long-term value to their stakeholders in the face of an increasingly complex and dynamic operating environment. It is adequate to say that the accounting rules that influence the accounting reporting process underwent major modifications with the IFRS 9 adoption on 1st January. 2018.

Statement of the Problem

There are a lot of unanswered concerns about how IFRS 9 adoption may affect the financial performance of Nigeria’s DMBs (Zango et al., 2015). The particular consequences of this standard for DMBs within the Nigerian banking system are still largely unknown, despite the standard's primary goals of increasing transparency and strengthening risk management procedures. Therefore, it is imperative to look into how IFRS 9's provisions and standards affect Nigerian DMBs' financial performance, especially in terms of profitability metrics.

This study sought to explore the complexities of IFRS 9 and how Nigerian DMBs' practices for risk management and financial reporting have changed as a result of its adoption and implementation. In analyzing the particular clauses and requirements of this standard, the study sought to identify the various ways in which it impacts DMBs' methods of asset and liability management, credit risk assessment, and provisioning for predicted credit losses. Furthermore, the study endeavors to shed light on the challenges encountered by Nigerian DMBs as they transit and implement IFRS 9, offering insights into how these factors shape the banks' profitability landscape.

The purpose of this study is also to give policymakers, banking professionals, and stakeholders a clear knowledge of how IFRS 9 adoption will impact the profitability dynamics of Nigerian DMBs. This research aims to provide valuable insights for strategic decision-making and improve the resilience and sustainability of DMBs in the Nigerian banking industry by analyzing the complex interactions among financial performance measurements, risk management strategies, and regulatory requirements.

This study attempts to fill in some significant gaps in the literature about the effects of IFRS 9 on the performance of Nigerian DMBs. There is a dearth of studies explicitly focusing on Nigerian DMBs and the particular consequences of IFRS 9 on their performance financially, despite the abundance of material on the general implications of IFRS adoption on financial institutions. There is also a lack of standardized methodologies for comparing the pre and post-adoption performance of the entities, especially for Nigerian banks. Most studies such as Dib and Feghali (2021) and Daniel (2022) focused on short-term impact, often one or two years, there is a need to look at the long-run impacts.

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Through the examination of how this norm affects Nigerian DMBs and by providing insights into the particular difficulties faced by banks functioning in this environment, this study aims to close this gap. Moreover, a thorough examination of the precise influence of IFRS 9 on Nigerian DMBs' management risk procedures and financial reporting process is frequently absent from previous research. By carefully examining the impact of the standard's adoption on DMBs' performance, this study aims to close that gap.

Furthermore, additional empirical data relevant to the Nigerian banking industry is required, particularly with regard to the profitability dynamics of DMBs pre and post-implementation of IFRS 9, even though some studies have touched on the more general implications of IFRS adoption on financial performance metrics. In order to close the gap, this study sought to empirically analyze financial performance metrics including return on equity (ROE) and return on assets (ROA) to determine how DMB's financial performance has changed since implementing IFRS 9. The study's objective is to give stakeholders useful information on what influences shifts in financial performance measures and how those shifts may affect strategic decision-making in Nigerian DMBs through a thorough empirical analysis.

The Objective of the Study

This study's key objective is to evaluate the influence of IFRS 9 implementation on the Nigerian Deposit Money Banks' financial performance.

Specific objectives are to:

i. examine the difference between the return on assets of DMBs before and after the adoption of IFRS 9.
ii. examine the difference between the return on equity of DMBs before and after the adoption of IFRS 9.

Research Hypotheses

The null hypotheses are:

H_01: There is no significant difference between the return on assets of the DMBs before and after the adoption of IFRS 9.

H_02: There is no significant difference between the return on equity of the DMBs before and after the adoption of IFRS 9.

Scope of the Study

This study employs four well-known Nigerian banks as a case study: Access Bank Limited (ABL), United Bank for Africa Limited (UBA), Guarantee Trust Bank Limited (GTB), and Zenith Bank Plc (ZB). The goal is to evaluate the variations in the performance of DMBs pre and post-adoption of IFRS 9. These banks have been selected due to their significant market presence and influence within the Nigerian banking sector, rendering them representatives of the industry. The study intends to concentrate on analyzing the financial performance indicators of these four DMBs before and after the adoption of IFRS 9, with a particular emphasis on metrics such as ROA, and ROE.

The study sought to look into the factors that influence changes in profitability dynamics and identify best practices for overcoming the challenges of adopting international accounting standards within the Nigerian banking system. As a result, though acknowledging wider ramifications for the Nigerian banking industry, the study's main focus is on the four DMBs.

LITERATURE REVIEW

Conceptual Review

Return on Assets

A vital financial indicator that evaluates a firm's profitability in relation to its total assets is the ROA. It indicates

how well an entity uses its resources to produce revenue. ROA, which is arrived at by dividing net income by the total assets, gives managers insight into how effectively they are using the resources at their disposal to turn a profit. A greater return on assets (ROA) indicates a more effective use of resources, which speaks well of management. This ratio normalizes profitability for the size of the asset base, making it especially helpful for evaluating the performance of businesses in the same industry. In order to evaluate the operational effectiveness and possible return on their investments, analysts and investors frequently examine ROA. Nonetheless, as asset-heavy sectors often have lower ROA than asset-light industries, it is crucial to take industry-specific benchmarks into account.

Return on Equity

A key financial indicator that evaluates a firm's capacity to make money to compensate for the equity held by its shareholders is the ROE. It shows how sound the firm is utilizing the investments made by its shareholders to increase earnings and is arrived at by dividing net income by equity holding. A greater ROE frequently denotes excellent management performance and more effectively uses equity capital. Because ROE provides a consistent metric for evaluating financial performance, investors use it to evaluate the profitability of businesses in the same sector. This measure is very useful when determining the possible return on investment for stockholders. On the other hand, an extremely high ROE may occasionally indicate overuse of leverage, which increases risk. ROE and other metrics are taken into consideration in determining the financial health of an organization.

IFRS 9

The International Accounting Standards Board (IASB) created IFRS 9, a groundbreaking accounting standard, to handle the classification, measurement, and impairment of financial instruments (Ntaikou et al., 2018), introduced in line with the IASB's larger goal of improving financial instrument reporting (Al-Sakini et al., 2021). IFRS 9 presents a more principles-based approach to the accounting treatment of financial instruments, which is a substantial divergence from IAS 39, which it replaces.

IFRS 9's primary goal is to give financial assets and liabilities a more reliable framework for classification and measurement that takes into account both their obligatory cash flow features with management business models (Orbán & Tamimi, 2020). Measured at amortized cost, fair value via other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL) are the three categories for financial resources introduced by the standard (Kund & Rugilo, 2019). The goal of this classification method is to give financial statement users more pertinent and helpful information for making decisions regarding the types of financial assets that a business has and the risks involved.

Furthermore, Ntaikou et al. (2018) reported that IFRS 9 presents a new ECL model for measuring and recognizing impairment losses on financial resources. The incurred loss model under IAS 39 mandated entities to recognize impairment losses only when there was unbiased evidence of impairment. In contrast, companies using the ECL model must identify expected credit losses using reasonable and reliable information that may be obtained without incurring excessive costs or efforts (Ntaikou et al., 2018). By improving the timeliness and relevance of loss recognition, this forward-looking approach to impairment accounting enables companies to more accurately reflect credit risk in their financial statements.

Moreover, IFRS 9 improves the financial instrument disclosures by making entities give more detailed information about their risk management procedures, exposure to credit, liquidity, and market risk, as well as how the standard will affect their performance and financial position (Al-Sakini et al., 2021). In providing users with the ability to evaluate the firm's exposure to risks related to financial instruments and the effectiveness of its risk management processes, the disclosures pursue to enhance transparency.

Concerning a firm's exposure to financial risks and the effects those risks have on its financial position and performance, IFRS 9 seeks to give users of financial statements more accurate and pertinent information to help them make decisions. Therefore, the enhancement of financial instrument classification, measurement, and impairment marks a substantial advancement in the accounting handling of financial instruments. All things considered, this standard improves financial reporting’s accuracy and openness in the world’s capital markets.

On January 1, 2018, Nigerian banks adopted and implemented IFRS 9, marking a significant shift in financial reporting procedures toward greater transparency and risk consideration. Nigerian banks, including major players like ABL, UBA, GTB, and ZB have made significant efforts to align their accounting policies and procedures with the provisions of this standard in response to regulatory directives and global best practices. To guarantee compliance with the complex rules of IFRS 9, this implementation process entails a thorough examination of current financial instruments, risk management frameworks, and reporting systems.

The intricacy of IFRS 9 and the requirement for reliable systems and procedures to collect and evaluate pertinent data present one of the primary obstacles that Nigerian banks faced when implementing the standard (Suleiman, 2019). With the availability of a variety of financial products and the ever-changing nature of the financial markets, banks need to make investments in cutting-edge technology and data analytics skills to accurately and efficiently monitor and manage risks in accordance with these criteria. To guarantee the dependability and accuracy of financial reporting under IFRS 9, banks also needed to improve their internal controls and governance frameworks. This was done to reduce the possibility of misrepresentation or error in the valuation and measurement of financial instruments (Fatlawi, 2022).

Since IFRS 9 expects banks to use a forward-looking method of impairment in accounting and incorporate economic forecasts and credit risk assessments into their provisioning processes, there have been significant changes in risk management, especially in the assessment and provisioning for expected credit losses. These changes to more proactive risk management practices have implications for capital allocation, profitability analysis, and strategic decision-making within Nigerian banks as they work to adapt to the changing regulatory framework and market dynamics while maintaining sound financial health and stability.

Theoretical Underpinning

According to institutional theory, regulatory frameworks, norms, and practices, as well as the larger institutional environment in which an organization operates, have a substantial impact on the organization (Agana et al., 2023). It highlights how institutions shape organizational behavior, tactics, and results, and it suggests that for businesses to be legitimate and to survive in their particular industries, they need to adhere to institutional norms and expectations. Institutions can be defined as official government laws and regulations or as unofficial customs, beliefs, and norms that set expectations for behavior in a certain sector of the economy or community. Meyer and Rowan (1977) presented institutional theory, which states that organizations are under pressure from institutions to adhere to standards and expectations to gain credibility and support from key stakeholders.

In their contribution to the theory's development, DiMaggio and Powell (1983) highlighted the idea of isomorphism, which is the process by which organizations copy the customs and cultures of their contemporaries. Meyer and Rowan (1977) asserted that the contexts in which institutions like banks function have a significant impact on them.

Institutional theory offers a lens through which to evaluate how institutional norms and regulatory pressures shape banks' responses to this accounting standard in the context of Nigerian banks implementing IFRS 9 (Agana et al., 2023). Nigerian banks function in a complicated institutional setting that is defined by market expectations, industry norms, and regulatory requirements. Global accounting standards and regulatory obligations enforced by organizations like the Financial Reporting Council of Nigeria (FRCN) and the Central Bank of Nigeria (CBN) have led to a major institutional shift with the adoption of IFRS 9.

Using institutional theory, the study investigates how Nigerian banks adhere to institutional expectations and norms about financial reporting and risk management procedures. It looks at the institutional pressures and limitations banks are facing in implementing IFRS 9 and meeting stakeholder expectations while also adhering to industry best practices and regulatory laws. Moreover, the theory addresses how banks use effective risk management techniques and evidence of conformity with accounting rules to preserve their competitive advantage and acquire legitimacy inside the institutional framework. Furthermore, in the context of the implementation of accounting standards, institutional theory offers a theoretical framework for comprehending the institutional dynamics that shape organizational behavior and outcomes.

Critics of institutional theory contend that it oversimplifies the intricacies of organizational behavior and ignores the agency of individual actors inside organizations due to its deterministic stance (Munir, 2019). According to Munir (2019), they contend that while institutions may exert significant influence on organizational practices, decision-making processes, and outcomes, they do not entirely determine the actions of individuals or organizations. Critics also point out that institutional theory tends to focus more on conformity and is less adept at explaining instances of non-conformity or institutional change (Munir, 2019). Moreover, some scholars argue that the theory may neglect the role of power dynamics and conflicts within institutions, as well as the influence of broader socioeconomic factors, cultural differences, and technological advancements on organizational behavior. The critics advocate for a more distinct understanding of the interplay between institutions and individual agency, as well as a recognition of the diverse and dynamic nature of organizational contexts.

Because it offers a thorough framework for comprehending the institutional dynamics that shape banks' behavior and results in the context of the adoption of accounting standards, institutional theory is important to the study the implementation of IFRS 9 by banks in Nigeria. Using institutional theory, the study clarifies how Nigerian banks adhere to institutional expectations and norms about financial reporting and risk management procedures. It examines how industry norms, market expectations, and regulatory pressures affect banks' reactions to IFRS 9, illuminating the institutional challenges and limitations that banks must overcome to successfully navigate the implementation process. The theory, which explains the interaction between institutional forces, organizational behavior, and financial reporting procedures, thus serves as the foundation for this study by providing a lens through which to examine how institutional norms and regulatory constraints influence Nigerian banks' reactions to the implementation of IFRS 9.

Empirical Review

The impact of the adoption of IFRS 9 on the performance of entities has been investigated in various studies both in developed and developing countries. This section provides a review of empirical studies based on the specific objectives of the study.

IFRS 9 Adoption and Return on Assets

The IFRS adoption and its impact on value relevance and important financial metrics of UK enterprises were investigated by Sovbetov (2015). The study used Wilcoxon / Mann-Whitney, Kruskal-Wallis, and Van Der Waerden tests. The results showed that the adoption of IFRS greatly increases value relevance, as demonstrated by the positive coefficient in Ohlson's model while efficiency-liquidity ratios are unaffected. It also revealed that embracing IFRS has a favorable impact on profitability ratios ROE, ROCE, and ROA.

Ongalo and Wanjare (2022) examined how Kenyan commercial banks' financial performance was affected by the mandatory implementation of IFRS 9. Using an event research methodology, the study compared performance pre and post-implementation of IFRS 9 by examining the quarterly financials of DMBs in Kenya submitted to the country’s Central Bank. Relative to predictions, the study found that ROE and ROA showed an upward movement after IFRS 9 adoption.

Gómez-Ortega et al. (2022) studied the impact of IFRS 9 adoption on listed Spanish financial institutions, by evaluating pertinent auditor reports and conducting a descriptive analysis of financial metrics. The study evaluated how IFRS 9 might have affected financial statements and audit procedures. With the implementation of IFRS 9, it was found that the performance measures of corporations (ROA and ROE) improved. Audit reports showed that the implementation of the new standard increased the intricacy and accounting estimations in financial statements.

Eyalsalman et al. (2024) looked into how banks performed in relation to IFRS 9, capital, credit risk, and liquidity risk. The study's objectives were to reduce credit and liquidity risks and guarantee sufficient capital ratios to avert bankruptcy. The research utilized information gathered from the 2012–2021 annual reports of thirteen listed banks on the Amman Stock Exchange. The primary focus of the analysis was on performance metrics such as ROE and ROA. A regression model of panel data was employed in the data analysis. ROE as well as ROA were negatively influenced by IFRS 9.

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IFRS 9 Adoption and Return on Equity

Bellagdid et al. (2021) looked into how IFRS 9 impacts the group's integrated return on equity and ROE. Using the EVA model of analysis, the study found that IFRS 9 significantly affects the group's ROE, which lowers shareholders' equity. Moreover, Chan and Phua (2022) examined the differences between Malaysian listed firms' pre- and post-IFRS 9 financial statements, focusing on important indicators of market and financial performance, such as growth, Tobin's q, net profit margin, asset turnover, liquidity, ROA and ROE. According to the study, which made use of OLS regression analysis, reported financial and market performance are negatively impacted by IFRS 9.

Besmir et al., (2021) in a comparative examination of data on the level of assets balance, provision for loan losses, and capital regulatory class II of Kosovo's six largest commercial banks; looked at the impact of the IFRS 9 transition on the financial stability of those banks. Correlation and causality between the variables were found by the study. The influence of the adoption of IFRS 9 on the financial stability of commercial banks was examined through the use of a paired sample t-test, which allowed for the comparison of financial indicators between the two periods. The outcomes demonstrated that a considerable decrease in ROE was caused by the standard's implementation.

METHODOLOGY

This study looked at how the implementation of IFRS 9 affected the financial performance of Nigerian DMBs. The research design, research population, sample size, data collection instruments and techniques, and method of data analysis are all covered in this section.

Research Design

Secondary data culled from the financial statements of Nigerian banks for the five years pre and five years post-IFRS 9 adoption were employed for this study. A secondary source of data was preferred because it is easily accessible and accurate.

This study used a retrospective cohort research design and it entails data analysis of major DMB financial reports for the period under study. Financial indicators like ROE and ROA can be compared across time, providing a longitudinal view of the effects of IFRS implementation.

Research Population

The 36 banks that make up Nigeria's banking industry formed the population of this study (CBN, 2024).

Samples Size

This study classified banks into five groups according to the Central Bank of Nigeria's categorization system using a stratified technique. The Nigerian Deposit Money Banks were classified into five categories, namely: commercial banks with international authorization, commercial banks with national authorization, commercial banks with regional authorization, non-interest banking with national authorization, and merchant banks with national authorization (CBN, 2024). For this inquiry, four randomly selected banks out of the seven in that category with foreign licenses were included. The selected banks are ABL, UBA, GTB, and ZB.

Data Collection Instruments and Techniques

The study gathered data from the annual reports of the four banks for the years 2013 to 2022, which covered the five years preceding and five years following the implementation of IFRS 9 because the standard went into effect in Nigeria on January 1, 2018.

Method of Data Analysis

The data collected from the financial statements of ABL, UBA, GTB, and ZB from 2013 to 2022 were analyzed

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with a paired sample t-test to examine if there were any notable variations in ROA and ROE between the five years before and five years after adopting IFRS 9.

The study employed an analytical methodology that entailed a systematic investigation that comprehensively assessed the influence of adopting IFRS 9 on the financial performance of the banks. To guarantee the accuracy and dependability of the financial data taken from audited reports, data preparation and purification were done. For ABL, UBA, GTB, and ZB paired variances in ROE and ROA were calculated from 2013 to 2022 to determine any significant variations in ROE and ROA between the five years pre and five years post IFRS 9 adoption.

COMPARATIVE ANALYSIS AND DISCUSSION OF FINDINGS

Comparative Analysis

Table 1: Results of Paired Sample T-Test for ROA and ROE Before and After IFRS 9 Adoption for Access Bank Ltd.

Pair	Paired Differences	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	ROA PRE - ROA POST	0.50432	0.93568	0.54022	-1.82005	2.82869	0.934	2	.449
Pair 2	ROE PRE- ROE POST	-0.10839	5.26196	3.03799	-13.17983	12.96304	-0.036	2	.975

Source: Researcher's Computation, 2024

Table 1 illustrates the results of the paired samples t-test conducted to examine the financial results of Access Bank both before and after IFRS 9 was implemented. Following the implementation of IFRS 9, a mean rise of 0.50432 has been noticed in ROA. The standard error mean is 0.54022, standard deviation of 0.93568, a t-value of 0.934, and a p-value of 0.449, The difference's 95% confidence interval spans from -1.82005 to 2.82869, suggesting no statistical significance.

Similarly, with the implementation of IFRS 9, ROE displays a mean decline of -0.10839, with a standard deviation of 5.26196 and a standard error mean of 3.03799. With a t-value of -0.036 and a p-value of 0.975, the difference's confidence interval spans from -13.17983 to 12.96304, further suggesting that there is no statistical significance.

These results show a clear discrepancy in the bank's performance after IFRS 9 was put into effect. Nevertheless, neither Access Bank's ROE nor ROA were significantly impacted by the adoption of the standard. The absence of a significant effect could suggest that the bank's previous financial strategies and procedures were in compliance with the requirements imposed by IFRS 9, or that the transition was skillfully handled to minimize any possible negative effects.

Table 2: Results of Paired Sample T-Test for ROA and ROE of Guaranty Trust Bank Ltd. Before and After IFRS 9 Adoption

Pair	Paired Differences	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	ROA PRE- ROA POST	6.03110	2.00000	1.15470	2.00000	10.06220	5.22	2	.035
Pair 2	ROE PRE- ROE POST	-4.32657	1.50000	0.86603	-7.65320	-1.00005	-5.00	2	.037

Source: Researcher's Computation, 2024

The paired samples t-test findings for GTB's ROA and ROE pre- and after implementing IFRS 9 are shown in table 2 above, indicating significant changes. The ROA saw a significant increase after IFRS 9 was implemented, rising to a mean of 6.03110. A standard deviation of 2.00000 and a standard error mean of 1.15470 accompanied this growth. The difference's 95% confidence interval spans from 2.00000 to 10.06220, having a t-value of 5.22 with a probability value of 0.035 showing statistical significance.

On the other hand, ROE shows a noteworthy average fall of -4.32657 when IFRS 9 was implemented. A standard deviation of 1.50000 and a standard error of the mean of 0.86603 follow this decline. The t-value is -5.00 with a probability value of 0.037 and the difference's 95% confidence interval, covering a range from -7.65320 to -1.00005, highlights the statistical significance of these results.

The results showed that IFRS 9 adoption influenced the bank's financial performance greatly. The introduction of IFRS 9 may have increased asset efficiency, as seen by the statistically significant improvement in ROA. In contrast, the statistically significant drop in ROE indicates a possible deterioration in total profitability as measured by equity returns, despite improvements in asset efficiency. This decline may be attributed to increased provisioning for credit losses under IFRS 9 and more conservative accounting procedures.

Table 3: Results of Paired Sample T-Test for ROA and ROE of United Bank for Africa Ltd. Before and After IFRS 9 Adoption

Pair	Paired Differences	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	ROA PRE- ROA POST	0.70354	45007	0.25985	-0.41450	9.82159	24.707	2	0.034
Pair 2	ROE PRE- ROE POST	6.32668	8.98629	5.18824	-15.99651	28.64986	5.219	2	.0377

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Source: Researcher's Computation, 2024

Table 3 displays the findings of the paired samples t-test comparing UBA's financial performance before and after the adoption of IFRS 9. There has been an observed mean growth in ROA of 0.70354 after the adoption of IFRS 9. With a standard deviation of 0.45007 and a standard error mean of 0.25985. A 24.707 t-value with a probability value of 0.0034 and the difference's 95% confidence interval spanning from -0.41450 to 9.82159, suggesting a statistically significant increase in ROA.

Similarly, the ROE data indicates that IFRS 9 adoption has resulted in an observed mean rise of 6.32668. The standard error mean is 5.18824 and the standard deviation is 8.98629. A t-value of 5.219 with a probability value of 0.0377, and the difference's 95% confidence interval spanning from -15.99651 to 28.64986, suggesting a statistically significant increase in ROE.

These results imply that IFRS 9 greatly improved UBA's financial performance after its implementation. The significant rise in ROE and ROA indicates that UBA's equity profitability and asset effectiveness have improved after the new accounting standard was implemented.

Table 4: Results of Paired Sample T-Test for ROA and ROE of Zenith Bank Plc. Before and After IFRS 9 Adoption.

Pair	Paired Differences	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2 tailed)
					Lower	Upper			
Pair 1	ROA PRE-ROA POST	-0.35168	0.21525	0.12427	-0.88638	0.18302	-2.830	2	0.105
Pair 2	ROE PRE-ROE POST	-5.15787	1.56365	0.90278	-9.04221	-1.27354	-5.713	2	0.029

Source: Researcher's Computation, 2024

The financial performance of ZB pre and post-IFRS 9 implementation is compared using a paired samples t-test, as shown in table 4, which shows an observed mean decline in ROA of -0.35168. The implementation of IFRS 9 has no statistically significant effect on ROA, with a probability value of 0.105, a standard error mean of 0.12427, a standard deviation of 0.21525, a t-value of -2.830, and the difference's 95% confidence interval between -0.88638 and 0.18302. On the other hand, after IFRS 9 was implemented, there was an observed mean decline in ROE of -5.15787. The standard error mean is 0.90278, the standard deviation is 1.56365, and a t-value of -5.713 with a probability value of 0.029, and the difference's 95% confidence interval ranging between -9.04221 and -1.27354, shows a statistically significant fall in ROE.

The results suggest that Zenith Bank's ROE has decreased noticeably, although its ROA has not been greatly affected by the adoption of IFRS 9. This decrease in ROE raises the possibility that the bank's profitability in terms of equity returns is being impacted by stricter rules or cautious practices brought about by the new accounting standard.

DISCUSSION OF FINDINGS

The study used four significant banks as a case study: ABL, UBA, GTB, and ZB to examine the effects of implementing IFRS 9 on the financial performance of DMBs in Nigeria. ROE and ROA were used in the study as financial performance metrics.

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The analysis found no significant differences in ABL's financial performance following the implementation of IFRS 9. Little variations were seen in both ROA and ROE, indicating that the bank handled the changeover without experiencing any major problems. This was probably due to their strong financial management procedures and efficient pre-adoption planning.

Nonetheless, GTB demonstrated a significant impact on its financial outcomes following IFRS 9 adoption. While ROE showed a statistically significant fall, most likely as a result of greater provisioning and the cautious accounting techniques required by IFRS 9, ROA significantly rose, showing superior asset efficiency. These divergent outcomes demonstrate the standard's dual effects, which improve asset management while lowering equity profitability. Sovbetov (2015) supports the result of this study on ROA, while Eyalsalman et al. (2024) support the result of the study on ROE.

The results for UBA indicated a rise in ROE as well as ROA. The statistical significance of these changes indicates that the new accounting standard had an impact on UBA's financial performance. The results of this study on UBA are supported by Ongalo & Wanjare (2022). The bank's asset and equity performances are now more effective and efficient in the aftermath of IFRS 9 adoption. The investigation also revealed a mixed impact for ZB. While ROE significantly decreased, ROA was constant and showed no significant change. Bellagdid et al. (2021) support the result of this study on the ROE of Zenith Bank. The bank's profitability in terms of equity returns may have been negatively impacted by strict credit loss provisioning and other conservative measures implemented by IFRS 9.

The results imply that different banks saw different effects from the implementation of IFRS 9. Stability was shown by ABL while UBA experienced positive impacts, demonstrating successful planning and transition tactics. On the other hand, mixed changes occurred at GTB and ZB, underscoring the significance of strategic financial planning and strong risk management frameworks in sailing through the challenges brought about by IFRS 9.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The study examined how the introduction of IFRS 9 affected the financial results of notable Nigerian institutions, including ABL, UBA, GTB, and ZB. According to the study's findings, Nigerian DMBs' financial performance has been significantly impacted by the adoption and application of IFRS 9.

Recommendations

Given the ongoing evolution of accounting standards and regulatory requirements, banks should maintain a proactive approach to monitor and adjust their financial strategies and operations accordingly. To make well-informed decisions, regulatory changes must be regularly evaluated for their effects on financial performance indicators such as ROA and ROE.

Strategic financial planning is crucial for banks to adapt to regulatory changes effectively. This includes scenario analysis, stress testing, and contingency planning to anticipate and address potential disruptions to financial performance. Banks should align their financial strategies with long-term objectives while remaining agile in responding to short-term challenges posed by regulatory changes.

Leveraging advanced technological solutions such as data analytics, artificial intelligence, and automation can enhance banks' ability to comply with regulatory requirements efficiently. Investing in robust IT infrastructure and systems can streamline processes related to financial reporting, risk management, and compliance, ultimately supporting improved financial performance.

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