

**EFFECT OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
ADOPTION ON THE PERFORMANCE OF MONEY DEPOSIT BANKS IN
NIGERIA**

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ABSTRACT

Sequel to the injunction mandating Nigerian firms to publish their financial reports in accordance with the International Financial Reporting Standard (IFRS), Banks in recent times unavoidably had to adopt standards of accounting based on IFRS framework. The study employed ratio analysis to investigate the nexus between IFRS adoption and performance of money deposit banks in the Nigeria. Ten (10) banks out of twenty one quoted banks were randomly selected for analysis over the period covering 2009 to 2014. Data used in the study were sourced from the financial statements of the selected banks for the period under study. Panel data analysis in the form of pooled OLS analysis, fixed effect analysis and random effect analysis alongside post estimation test such as restricted f-test and Hausman test were used. The results revealed that adoption of IFRS exert positive impact on performance of money deposit banks measured in terms of return on assets ($\beta=0.9057884$, $P=0.347$) and in terms of return on equity ($\beta=0.0655296$, $P=0.975$). The result also revealed that financial ratio such as liquidity ratio, current ratio and investment ratio exert significant influence on bank's performance with reported coefficient estimates and probability values of 0.0081876($P=0.009$), 0.0001705($P=0.0000$), 0.0829368($P=0.000$) for liquidity ratio, current ratio, and investment ratio respectively. The study concluded that the impact of IFRS adoption on performance of money deposit banks in Nigeria cannot be undermined. The study recommended that money deposit banks should fully implement international financial reporting standards in order to maximize its influence on their performance, and take close cognizance of financial ratios as their relative impact on performance cannot be undermined.

Keywords: International Financial Reporting Standards (IFRS), Performance, Money Deposit Banks, Ratio Analysis.