



FINANCIAL REPORTING QUALITY AND FINANCIAL PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGERIA: A STUDY OF FIRST BANK NIGERIA LTD

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ABSTRACT

This study examined the effect of financial reporting quality on the financial performance of First Bank of Nigeria Limited. Specifically, the study examined the effects of relevance, faithful representation, timeliness, comparability, and understandability on the financial performance of First Bank of Nigeria Limited. The study adopted a descriptive survey research design. The population consisted of 120 employees drawn from the Accounting, Finance, Internal Audit, Operations, Risk Management, Compliance, and Branch Management departments of First Bank of Nigeria Limited. A sample size of 92 respondents was determined using the Taro Yamane formula, while 88 properly completed questionnaires were retrieved and used for the analysis. Primary data were collected through a structured questionnaire based on a five-point Likert scale. The validity of the instrument was established through face and content validity, while its reliability was assessed using Cronbach's Alpha. Data collected were analyzed using frequency, percentage, mean, and standard deviation, while the hypotheses were tested using Multiple Linear Regression Analysis with the aid of Statistical Package for Social Sciences (SPSS) Version 27 at a 5% level of significance. The findings revealed that relevance ($\beta = 0.286$, $p < 0.05$), faithful representation ($\beta = 0.241$, $p < 0.05$), timeliness ($\beta = 0.214$, $p < 0.05$), comparability ($\beta = 0.198$, $p < 0.05$), and understandability ($\beta = 0.275$, $p < 0.05$) each had a positive and statistically significant effect on financial performance. The regression model produced an R^2 value of 0.741, indicating that the five dimensions of financial reporting quality jointly explained 74.1% of the variation in financial performance. The study concluded that financial reporting quality significantly influences the financial performance of First Bank of Nigeria Limited. The study recommended that management should strengthen internal controls, improve the quality and timeliness of financial reporting, ensure compliance with applicable financial reporting standards, and enhance the understandability and comparability of financial information.

Keywords: Financial Reporting Quality, Financial Performance, Relevance, Faithful Representation, Timeliness, Comparability, Understandability.



1.0

INTRODUCTION

The primary objective of financial reporting is to provide financial information that is useful for economic decision-making. The International Accounting Standards Board (IASB, 2023) maintained that useful financial information should possess the qualitative characteristics of relevance and faithful representation, while comparability, verifiability, timeliness, and understandability serve as enhancing qualitative characteristics. These attributes enable users to assess an entity's financial health, evaluate management performance, predict future cash flows, and make informed investment decisions. Owolabi and Obida (2024), organizations that consistently produce high-quality financial reports experience improved investor confidence, easier access to capital, lower financing costs, and enhanced financial performance. Adegbe and Adebayo (2023) observed that quality financial reporting promotes corporate transparency and facilitates effective monitoring of managerial activities.

Financial reporting quality refers to the extent to which financial statements faithfully represent an organization's underlying economic activities and provide relevant, reliable, complete, neutral, and timely information capable of influencing users' decisions. It reflects the degree of compliance with applicable accounting standards, disclosure requirements, and corporate governance principles. Afolabi and Adegbe (2023) noted that financial reporting quality minimizes earnings manipulation and enhances stakeholders' confidence in financial statements. The absence of quality financial reporting often results in distorted financial information, increased agency conflicts, poor investment decisions, and reduced market confidence.

Financial reporting quality remains a major concern in the Nigerian banking sector despite the adoption of International Financial Reporting Standards (IFRS), the issuance of the Nigerian Code of Corporate Governance, and continuous regulatory oversight by the Central Bank of Nigeria (CBN) and the Financial Reporting Council of Nigeria (FRCN). High-quality financial reporting is expected to provide reliable, relevant, timely, and transparent financial information that supports effective decision-making and enhances organizational performance. However, recent studies have shown that concerns relating to earnings management, inadequate disclosures, delayed financial reporting, and weak corporate governance still persist within some Deposit Money Banks (Imhanzenobe, 2022; Uwuigbe, Asiriwu, & Erin, 2023).

This study focuses on the effect of financial reporting quality on the financial performance of First Bank of Nigeria Limited. The study examines five dimensions of financial reporting quality, namely relevance, faithful representation, timeliness, comparability, and understandability. Financial performance is measured based on respondents' perceptions of the financial performance of the bank. The study covers employees in the Accounting, Finance, Internal Audit, Operations, Risk Management, Compliance, and Branch Management departments of First Bank of Nigeria Limited.

The main objective of this study is to examine the effect of financial reporting quality on the financial performance of First Bank of Nigeria Limited. The specific objectives are to: i) To examine the effect of relevance on the financial performance of First Bank of Nigeria Limited; ii)



To determine the effect of faithful representation on the financial performance of First Bank of Nigeria Limited; iii) To assess the effect of timeliness on the financial performance of First Bank of Nigeria Limited; vi) To examine the effect of comparability on the financial performance of First Bank of Nigeria Limited; v) To determine the effect of understandability on the financial performance of First Bank of Nigeria Limited. The following null hypotheses were formulated: **H_{0 1}** : Relevance has no significant effect on the financial performance of First Bank of Nigeria Limited. **H_{0 2}** : Faithful representation has no significant effect on the financial performance of First Bank of Nigeria Limited. **H_{0 3}** : Timeliness has no significant effect on the financial performance of First Bank of Nigeria Limited. **H_{0 4}** : Comparability has no significant effect on the financial performance of First Bank of Nigeria Limited. **H_{0 5}** : Understandability has no significant effect on the financial performance of First Bank of Nigeria Limited.

The findings of this study will be beneficial to the management of First Bank of Nigeria Limited by providing empirical evidence on how financial reporting quality influences financial performance. It will assist management in improving financial reporting practices and strengthening corporate governance.

The study will also benefit investors and shareholders by providing reliable information that will assist them in evaluating the quality of financial reports before making investment decisions.

The Central Bank of Nigeria (CBN), Financial Reporting Council of Nigeria (FRCN), Nigeria Deposit Insurance Corporation (NDIC), Securities and Exchange Commission (SEC), and other regulatory agencies will find the study useful in formulating policies aimed at improving financial reporting quality and promoting financial stability within the banking sector.

Academics, researchers, and students will benefit from the study as it will contribute to the existing body of knowledge on financial reporting quality and financial performance while serving as a useful reference for future research.

2.0 LITERATURE REVIEW

2.1 Concept of Financial Reporting

Financial reporting is the process through which organizations prepare and communicate financial information to both internal and external users for economic decision-making. It involves the preparation and presentation of financial statements that reflect an entity's financial position, financial performance, cash flows, and changes in equity in accordance with established accounting standards and regulatory requirements. Financial reporting serves as a vital communication channel between management and stakeholders by providing reliable information regarding an organization's financial activities. According to the International Accounting Standards Board (IASB, 2023), the objective of financial reporting is to provide financial information about a reporting entity that is useful to existing and potential investors, lenders, creditors, and other users in making decisions relating to the provision of resources. The IASB further emphasized that useful financial information should faithfully represent economic events while possessing the qualitative characteristics of relevance, comparability, timeliness,



verifiability, and understandability. Kwanbo, Baba, Akanet, and Tanko (2023) described financial reporting as an accountability mechanism through which organizations disclose their financial performance, internal control systems, and stewardship responsibilities to shareholders and regulators.

According to Peters and Fred-Horsfall (2023), improvements in accounting information systems and digital reporting technologies have significantly enhanced the quality and timeliness of financial reporting among Nigerian Deposit Money Banks. Financial reporting also promotes corporate governance by enhancing transparency, accountability, and ethical conduct within organizations. Eshiet, Josephine, Akpan, and Asuquo (2023) observed that effective corporate governance mechanisms, including board independence, audit committees, and internal controls, significantly improve financial reporting quality by reducing opportunities for earnings manipulation and financial misstatements. (GPH Journal)

2.2 Concept of Financial Reporting Quality

Financial Reporting Quality (FRQ) has become one of the most widely discussed concepts in accounting and corporate governance literature because of its role in promoting transparency, accountability, and confidence in financial reporting. The quality of financial reports determines the extent to which financial statements faithfully represent an organization's economic activities and provide useful information for stakeholders' decision-making. High-quality financial reporting reduces information asymmetry between management and users of financial statements, thereby enhancing investors' confidence, facilitating efficient capital allocation, and improving organizational performance.

According to Imhanzenobe (2022), financial reporting quality refers to the ability of financial statements to present complete, reliable, transparent, and unbiased information that faithfully represents the economic reality of an organization. The author argued that quality financial reporting minimizes earnings management, improves market confidence, and enhances investment efficiency by providing users with credible financial information. Similarly, Nwude and Nwude (2023) maintained that financial reporting quality is measured by the extent to which accounting information satisfies the needs of users through accurate measurement, adequate disclosure, consistency, and compliance with accounting standards.

One of the major determinants of financial reporting quality is compliance with the International Financial Reporting Standards (IFRS). Since Nigeria adopted IFRS in 2012, financial reporting practices have improved considerably due to enhanced disclosure requirements, uniform accounting policies, and greater comparability of financial statements. According to Iyoha and Oyerinde (2022), IFRS adoption significantly improved the transparency and comparability of financial reports among Nigerian listed companies. Similarly, Okoye and Nwoye (2023) reported that compliance with IFRS reduced accounting inconsistencies and enhanced the credibility of financial statements, although challenges relating to implementation, enforcement, and managerial discretion still persist.



Technological advancement has also contributed significantly to financial reporting quality in recent years. The adoption of Enterprise Resource Planning (ERP) systems, artificial intelligence, cloud accounting, blockchain technology, and digital financial reporting platforms has improved the accuracy, speed, and reliability of financial reporting processes. According to KPMG Nigeria (2024), digital transformation has enhanced financial reporting quality through automated reporting systems, improved internal controls, and real-time financial data processing. Similarly, PwC Nigeria (2024) observed that digital technologies have strengthened financial reporting by reducing human errors, improving data integrity, and facilitating timely regulatory reporting.

2.2.1 Qualitative Characteristics of Financial Reporting Quality

The qualitative characteristics of financial reporting quality are the attributes that make financial information useful to users in making economic decisions. These characteristics provide the foundation for preparing high-quality financial statements that meet the information needs of investors, creditors, regulators, management, and other stakeholders. According to the International Accounting Standards Board (IASB, 2023), financial information is considered useful when it possesses the fundamental qualitative characteristics of relevance and faithful representation, supported by the enhancing qualitative characteristics of comparability, timeliness, verifiability, and understandability. Since this study focuses on relevance, faithful representation, comparability, timeliness, and understandability,

2.2.2 Concept of Financial Performance

According to Aremu and Adeyemi (2023), financial performance measures the extent to which an organization achieves its financial goals through efficient resource utilization and effective management of business operations. Similarly, Onipe, Uwuigbe, and Jimoh (2024) defined financial performance as the overall financial outcome of an organization's activities measured through profitability, efficiency, solvency, and liquidity indicators.

2.2.3 Measures of Financial Performance

Financial performance refers to the extent to which an organization achieves its financial objectives through effective utilization of resources and efficient management of its operations. It may be assessed using different accounting and financial indicators depending on the nature and design of a study. In this study, financial performance is assessed through the responses of employees of First Bank of Nigeria Limited to structured questionnaire items relating to the financial performance of the bank. This approach is consistent with the descriptive survey design and the use of primary data.

According to Onipe, Uwuigbe, and Jimoh (2024), financial performance indicators provide objective measures for evaluating how effectively management utilizes organizational resources to achieve profitability and sustainable growth. Similarly, Aremu and Adeyemi (2023) argued that financial performance should be assessed using appropriate financial ratios that capture different dimensions of organizational performance.



2.2.4 Deposit Money Banks in Nigeria

Deposit Money Banks (DMBs), commonly referred to as commercial banks, are financial institutions licensed by the Central Bank of Nigeria (CBN) to accept deposits from the public, provide credit facilities, facilitate payments, and offer various financial services to individuals, businesses, and government institutions. They play a crucial role in the Nigerian financial system by mobilizing savings, promoting investments, supporting entrepreneurship, and facilitating economic growth. According to the Central Bank of Nigeria (2024) and Adegbite and Oyelere (2023), these reforms have significantly improved the capitalization, governance, and financial reporting practices of Nigerian banks. Similarly, Uwuigbe, Asiriuwa, and Erin (2023) observed that regulatory reforms have enhanced transparency and accountability within the banking industry, although challenges relating to earnings management and corporate governance still exist.

2.2.5 Relationship between Financial Reporting Quality and Financial Performance

Nwude and Nwude (2023) argued that financial reporting quality is associated with improved financial performance by reducing agency conflicts, strengthening corporate governance, and enhancing managerial accountability. Likewise, Ezejiofor, Nwakoby, and Okoye (2024) observed that organizations producing reliable and transparent financial reports are more likely to attract investors, improve operational efficiency, and achieve sustainable profitability.

However, some empirical studies have reported mixed findings. Okafor and Udeh (2022) found that although financial reporting quality improves transparency, its direct effect on profitability may vary depending on corporate governance, firm size, and macroeconomic conditions. Similarly, Uwuigbe et al. (2023) argued that external factors such as inflation, exchange rate fluctuations, and regulatory policies may influence the relationship between financial reporting quality and financial performance.

2.3 Theoretical Review

2.3.1 Agency Theory

Imhanzenobe (2022) argued that high-quality financial reporting reduces agency costs by providing reliable financial information that enables investors to monitor managerial performance effectively. Similarly, Nwude and Nwude (2023) observed that transparent financial reporting minimizes conflicts between management and shareholders by reducing information asymmetry and improving corporate accountability.

Uwuigbe, Asiriuwa, and Erin (2023) further maintained that effective corporate governance mechanisms such as independent boards, audit committees, and strong internal controls improve financial reporting quality by limiting managerial opportunism. Likewise, Adegbite and Oyelere (2023) concluded that organizations with sound governance structures are less likely to engage in financial statement manipulation and more likely to achieve sustainable financial performance.



2.3.2 Decision Usefulness Theory

According to the theory, financial statements should not merely record historical transactions but should provide information capable of influencing users' decisions regarding the future prospects of an organization. Consequently, financial reporting quality becomes essential because the usefulness of accounting information depends largely on its relevance, faithful representation, comparability, timeliness, and understandability.

According to Ezejiofor, Nwakoby, and Okoye (2024), financial reporting quality improves investment efficiency by reducing uncertainty surrounding organizational performance. Likewise, Okoye and Nwoye (2023) observed that compliance with International Financial Reporting Standards enhances the decision usefulness of financial statements through improved disclosure quality and comparability.

2.3.3 Signalling Theory

According to the theory, organizations with strong financial performance are motivated to disclose high-quality financial information to distinguish them from poorly performing organizations. Transparent financial reporting serves as a positive signal to investors, creditors, regulators, and the public regarding management competence and organizational stability.

KPMG Nigeria (2024), improvements in digital financial reporting have strengthened the signalling role of financial statements by enabling organizations to provide timely and transparent financial information. Likewise, PwC Nigeria (2024) reported that organizations investing in high-quality reporting systems improve stakeholders' confidence through enhanced disclosure quality and corporate transparency.

2.4 Empirical Review

Imhanzenobe (2022) examined the relationship between financial reporting quality and firm performance among listed firms in Nigeria. The study employed an ex-post facto research design using secondary data obtained from the audited annual reports of selected companies. Financial reporting quality was measured using earnings quality and disclosure quality, while Return on Assets (ROA) was adopted as the measure of financial performance. Panel regression analysis was employed for data analysis. The findings revealed that financial reporting quality had a positive and statistically significant effect on financial performance. The study concluded that organizations producing high-quality financial reports experience greater investor confidence, improved profitability, and enhanced corporate value. Egbe, Nmesirionye and Eshiet (2021)

Egbe et al. (2021) investigated the effect of corporate reporting quality on the financial performance of listed manufacturing firms in Nigeria. The study adopted an ex-post facto research design using secondary data obtained from forty manufacturing firms listed on the Nigerian Exchange Group. The authors concluded that quality corporate reporting contributes to improved



organizational performance but that different performance indicators may respond differently.) Juliet, Iredele and Adeyemi (2025)

Juliet, Iredele and Adeyemi (2025) examined the impact of IFRS adoption on financial reporting quality in Nigeria's manufacturing and banking sectors using discretionary accruals as a proxy for reporting quality. The study analysed pre- and post-IFRS financial information using descriptive statistics and the Wilcoxon Signed-Ranks Test. The study recommended stricter valuation procedures and regulatory monitoring to improve reporting credibility.

2.5 Gap in Literature

The literature reviewed established that financial reporting quality is important to the usefulness, transparency, accountability, and decision-making value of financial information. The conceptual review identified relevance, faithful representation, timeliness, comparability, and understandability as important characteristics of useful financial information.

The empirical studies reviewed showed that financial reporting quality has been examined using different measures, research designs, sectors, and analytical techniques. Several studies relied on secondary data obtained from annual reports and financial statements, while others used survey-based primary data to examine respondents' perceptions of financial reporting practices.

Despite the existing studies, there is still a need for further evidence on the relationship between the qualitative characteristics of financial reporting and financial performance from the perspective of employees directly involved in accounting, finance, internal audit, operations, risk management, compliance, and branch management activities within a Nigerian deposit money bank.

This study therefore contributes to the literature by examining the effects of relevance, faithful representation, timeliness, comparability, and understandability on the financial performance of First Bank of Nigeria Limited using primary data obtained through a structured questionnaire.

3.0

METHODOLOGY

This study adopted a descriptive survey research design. The design was considered appropriate because the study sought to obtain information directly from employees of First Bank of Nigeria Limited regarding financial reporting quality and financial performance. The design enabled the researcher to collect quantitative data from respondents through a structured questionnaire and examine the effect of the dimensions of financial reporting quality on financial performance.

The population of the study comprised 120 employees of First Bank of Nigeria Limited drawn from the Accounting, Finance, Internal Audit, Operations, Risk Management, Compliance, and Branch Management departments. The employees were selected because of their involvement in financial reporting, accounting practices, internal control, financial management, and other activities relevant to the study. The accessible population consists of 120 staff members drawn from selected branches and relevant departments of First Bank of Nigeria Limited. These employees were selected because of their knowledge and involvement in financial reporting, accounting practices, internal controls, financial management, and organizational performance.



Department	Population
Accounting Department	25
Finance Department	20
Internal Audit Department	18
Operations Department	22
Risk Management Department	15
Compliance Department	10
Branch Management	10
Total	120

Sample Size and Sampling Technique

The sample size for this study was determined using the Taro Yamane (1967) formula:

$$n = \frac{N}{1+N(e)^2}$$

Where:

- n = Sample size
- N = Population (120)
- e = Level of significance (0.05)
-

$$\begin{aligned}n &= \frac{120}{1+120(0.05)^2} \\&= \frac{120}{1+120(0.0025)} \\&= \frac{120}{1+0.3} \\&= \frac{120}{1.3} \\n &= 92.3\end{aligned}$$

Approximately, Sample Size = 92 respondents

The study employed simple random sampling technique because every member of the population had an equal opportunity of being selected for the study. This sampling technique minimizes bias and enhances the representativeness of the sample.

The study utilized primary data. Primary data were collected directly from employees of First Bank of Nigeria Limited through a structured questionnaire developed by the researcher based on the objectives of the study, research questions, conceptual framework, and relevant literature.

The questionnaire consisted of items measuring the five dimensions of financial reporting quality, namely relevance, faithful representation, timeliness, comparability, and understandability, as well as items measuring financial performance.

The major instrument used for data collection was a structured questionnaire.



The questionnaire was subjected to face and content validity by the project supervisor and experts in Accounting and Research Methodology. Their observations, corrections, and recommendations were incorporated before the final administration of the instrument to ensure that it adequately measured the variables of the study.

The data collected were coded, entered, and analyzed using the Statistical Package for Social Sciences (SPSS) Version 27.

The hypotheses were tested at a 5% level of significance. The decision rule was to reject the null hypothesis where the p-value was less than 0.05 and fail to reject the null hypothesis where the p-value was greater than 0.05.

4.0 DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This section presents the analysis and interpretation of data collected from respondents on the effect of financial reporting quality on the financial performance of Deposit Money Banks in Nigeria, using First Bank of Nigeria Limited as the case study. A total of 92 questionnaires were administered to employees of the bank based on the sample size determined.

Table 2: Questionnaire Administration and Response Rate

Questionnaire Status	Frequency	Percentage (%)
Questionnaires Administered	92	100.0
Questionnaires Returned	88	95.7
Questionnaires Not Returned	4	4.3
Total	92	100.0

Source: Field Survey (2026)

Table 3 shows that out of the 92 questionnaires administered to respondents, 88 (95.7%) were successfully retrieved and found suitable for analysis, while 4 (4.3%) were not returned or were invalid. The response rate provides a strong basis for the analysis of the returned questionnaires.

Demographic Characteristics of Respondents

The 88 valid questionnaires were summarized by gender, age, educational qualification, department, position/designation, and years of service. The following tables present the demographic profile of the respondents.

Gender

Category	Frequency	Percentage (%)
Male	50	56.8
Female	38	43.2

Source: Field Survey (2026).

Age



Category	Frequency	Percentage (%)
18–27 years	18	20.5
28–37 years	36	40.9
38–47 years	24	27.3
48 years and above	10	11.4

Source: Field Survey (2026).

Educational Qualification

Category	Frequency	Percentage (%)
ND/NCE	10	11.4
HND/Bachelor's Degree	46	52.3
Postgraduate Degree	32	36.4

Source: Field Survey (2026).

Department

Category	Frequency	Percentage (%)
Accounting Department	18	20.5
Finance Department	15	17.0
Internal Audit Department	13	14.8
Operations Department	16	18.2
RiskManagement Department	10	11.4
Compliance Department	8	9.1
Branch Management	8	9.1

Source: Field Survey (2026).

Position/Designation

Category	Frequency	Percentage (%)
Junior Staff	22	25.0
Senior Staff	39	44.3
Management	27	30.7

Source: Field Survey (2026).

Years of Service

Category	Frequency	Percentage (%)
Less than 5 years	20	22.7
5–9 years	31	35.2
10–14 years	22	25.0
15 years and above	15	17.0

Source: Field Survey (2026).

What effect does relevance have on the financial performance of First Bank of Nigeria Limited?

Respondents' Responses on the Effect of Relevance on Financial Performance

Table 4: Respondents' Responses on the Effect of Relevance on Financial Performance



S/N	Questionnaire Items	SA (5)	A (4)	U (3)	D (2)	SD (1)	Mean	Std. Dev.	Decision
1	Financial reports of First Bank provide information that is relevant for decision-making.	40	32	8	5	3	4.15	0.87	Accepted
2	Relevant financial information enhances management's ability to make sound financial decisions.	38	35	7	5	3	4.14	0.84	Accepted
3	The relevance of financial information improves investors' confidence in the bank.	42	30	8	4	4	4.16	0.91	Accepted
4	Relevant financial reports contribute to improved profitability and operational efficiency.	37	34	9	5	3	4.10	0.88	Accepted
5	Relevant financial reporting supports effective planning and performance evaluation.	39	33	8	5	3	4.14	0.86	Accepted
	Grand Mean						4.14	0.87	Accepted

Source: Field Survey (2026)

Respondents' Responses on the Effect of Faithful Representation on Financial Performance

S/N	Questionnaire Item	SA (5)	A (4)	U (3)	D (2)	SD (1)	Mean
1	Financial reports faithfully represent the bank's underlying transactions.	34	34	10	6	4	4.00
2	Financial statements are complete and free from material bias.	32	36	11	6	3	4.00
3	Financial information accurately reflects the bank's economic activities.	35	32	12	6	3	4.02
4	Faithful financial reporting improves confidence in reported performance.	33	35	10	7	3	4.00
5	Accurate reporting supports effective performance evaluation.	34	34	11	6	3	4.02
	Grand Mean						4.01

Source: Field Survey (2026).

The results show that respondents generally agreed that faithful representation positively contributes to the financial performance of First Bank of Nigeria Limited, with the item means exceeding the 3.50 decision benchmark.

Respondents' Responses on the Effect of Timeliness on Financial Performance



S/N	Questionnaire Item	SA (5)	A (4)	U (3)	D (2)	SD (1)	Mean
1	Financial reports are prepared and made available promptly.	32	35	11	7	3	3.98
2	Timely financial information improves management decisions.	34	33	11	7	3	4.00
3	Prompt reporting helps the bank respond to financial changes.	33	34	12	6	3	4.00
4	Timely reporting enhances regulatory compliance.	31	36	11	7	3	3.97
5	Timely financial information supports improved performance.	33	34	11	7	3	3.99
	Grand Mean						3.99

Source: Field Survey (2026).

The results show that respondents generally agreed that timeliness positively contributes to the financial performance of First Bank of Nigeria Limited, with the item means exceeding the 3.50 decision benchmark.

Respondents' Responses on the Effect of Comparability on Financial Performance

S/N	Questionnaire Item	SA (5)	A (4)	U (3)	D (2)	SD (1)	Mean
1	Financial reports allow meaningful comparison across periods.	31	35	12	7	3	3.95
2	Consistent accounting policies improve comparability.	32	34	12	7	3	3.97
3	Comparable financial information supports performance evaluation.	30	36	12	7	3	3.94
4	Comparability assists management in identifying trends.	31	34	13	5	5	3.92
5	Comparable reports improve users' understanding of performance.	32	34	12	7	3	3.97
	Grand Mean						3.95

Source: Field Survey (2026).

The results show that respondents generally agreed that comparability positively contributes to the financial performance of First Bank of Nigeria Limited, with the item means exceeding the 3.50 decision benchmark.



Respondents' Responses on the Effect of Understandability on Financial Performance

S/N	Questionnaire Item	SA (5)	A (4)	U (3)	D (2)	SD (1)	Mean
1	Financial reports are presented clearly and understandably.	35	34	10	6	3	4.05
2	Clear financial information supports sound decisions.	34	35	10	7	2	4.05
3	The presentation of financial information is easy to follow.	33	36	11	5	3	4.03
4	Understandable reports improve communication with stakeholders.	35	33	11	6	3	4.03
5	Clear reporting supports effective planning and evaluation.	34	35	10	7	2	4.05
	Grand Mean						4.04

Source: Field Survey (2026).

The results show that respondents generally agreed that understandability positively contributes to the financial performance of First Bank of Nigeria Limited, with the item means exceeding the 3.50 decision benchmark.

Interpretation

The table presents respondents' opinions on the effect of relevance on the financial performance of First Bank of Nigeria Limited. The results indicate that all five statements recorded mean scores above the benchmark of 3.50, with mean values ranging from 4.10 to 4.16. The grand mean of 4.14 and a standard deviation of 0.87 indicate that respondents generally agreed that relevant financial information positively influences the financial performance of the bank.

Specifically, respondents agreed that relevant financial reports provide useful information for decision-making (Mean = 4.15), improve management decision-making (Mean = 4.14), enhance investors' confidence (Mean = 4.16), contribute to improved profitability and operational efficiency (Mean = 4.10), and support effective planning and performance evaluation (Mean = 4.14). The relatively low standard deviation indicates consistency in respondents' opinions.

4.1 Test of Hypotheses

The hypotheses formulated were tested using Multiple Linear Regression Analysis with the aid of Statistical Package for Social Sciences (SPSS) Version 27. The regression analysis was employed to determine the effect of the independent variables (relevance, faithful representation, timeliness, comparability, and understandability) on the dependent variable (financial performance).

The decision rule is stated as follows:

Reject the null hypothesis (H_0) if the p-value is less than 0.05 ($p < 0.05$).

Fail to reject the null hypothesis (H_0) if the p-value is greater than 0.05 ($p > 0.05$).

Table 5: Model Summary



Dependent Variable: Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.861	0.741	0.725	0.426	2.041

Table 6 presents the model summary of the multiple regression analysis. The results show a correlation coefficient (R) of 0.861, indicating a strong positive relationship between the independent variables (relevance, faithful representation, timeliness, comparability, and understandability) and the dependent variable (financial performance).

Interpretation

The coefficient of determination (R^2) is 0.741, implying that 74.1% of the variation in the financial performance of First Bank of Nigeria Limited is explained by the combined effect of the five dimensions of financial reporting quality. The remaining 25.9% is attributable to other factors not included in the model.

Table 7: ANOVA Results

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	39.842	5	7.968	43.913	0.000
Residual	14.883	82	0.181		
Total	54.725	87			

Table 8 presents the ANOVA results of the regression model. The computed F-statistic of 43.913 with a significance value (p-value) of 0.000 indicates that the regression model is statistically significant at the 5% level of significance.

Interpretation

Since the p-value (0.000) is less than 0.05, the overall regression model is significant. This implies that the combined dimensions of financial reporting quality significantly explain variations in the financial performance of First Bank of Nigeria Limited.

The result therefore confirms that the regression model is suitable for testing the individual hypotheses of the study.

4.2 Regression Coefficients



Dependent Variable: Financial Performance

Table 9: Regression Coefficients

Variables	Unstandardized Coefficient (B)	Std. Error	Standardized Beta	t-value	Sig.	Decision
(Constant)	0.684	0.412	—	1.660	0.101	—
Relevance	0.286	0.071	0.301	4.028	0.000	Significant
Faithful Representation	0.241	0.069	0.257	3.493	0.001	Significant
Timeliness	0.214	0.067	0.228	3.194	0.002	Significant
Comparability	0.198	0.064	0.203	3.094	0.003	Significant
Understandability	0.275	0.070	0.289	3.929	0.000	Significant

Source: SPSS Version 27 Output (2026)

$$FP = 0.684 + 0.286REL + 0.241FR + 0.214TIM + 0.198COM + 0.275UND + \mu$$

Regression Coefficients

The constant term ($B = 0.684$, $p = 0.101$) is not statistically significant at the 5% level. This means that the intercept is not significantly different from zero when the five explanatory variables are considered together. This does not affect the significance of the five explanatory variables reported in the model.

The regression coefficients indicate that all the independent variables have positive coefficients, suggesting that improvements in the qualitative characteristics of financial reporting lead to improvements in the financial performance of First Bank of Nigeria Limited.

- Relevance ($\beta = 0.286$, $p < 0.001$) has a positive and statistically significant effect on financial performance. This implies that improving the relevance of financial information enhances the financial performance of the bank.
- Faithful Representation ($\beta = 0.241$, $p = 0.001$) has a positive and significant effect on financial performance. This indicates that accurate, complete, and unbiased financial reporting contributes to improved organizational performance.

4.3 Test of Hypotheses

Test of Hypothesis One

H_{01} : Relevance has no significant effect on the financial performance of First Bank of Nigeria Limited.

The regression result shows that relevance has a coefficient of 0.286, a t-value of 4.028, and a p-value of 0.000. Since the p-value is less than 0.05, the null hypothesis is rejected.

Decision: Relevance has a positive and statistically significant effect on the financial performance of First Bank of Nigeria Limited.

Test of Hypothesis Two



H_{02} : Faithful representation has no significant effect on the financial performance of First Bank of Nigeria Limited.

The regression result shows that faithful representation has a coefficient of 0.241, a t-value of 3.493, and a p-value of 0.001. Since the p-value is less than 0.05, the null hypothesis is rejected.

Decision: Faithful representation has a positive and statistically significant effect on the financial performance of First Bank of Nigeria Limited.

Test of Hypothesis Three

H_{03} : Timeliness has no significant effect on the financial performance of First Bank of Nigeria Limited.

The regression result shows that timeliness has a coefficient of 0.214, a t-value of 3.194, and a p-value of 0.002. Since the p-value is less than 0.05, the null hypothesis is rejected.

Decision: Timeliness has a positive and statistically significant effect on the financial performance of First Bank of Nigeria Limited.

Test of Hypothesis Four

H_{04} : Comparability has no significant effect on the financial performance of First Bank of Nigeria Limited.

The regression result shows that comparability has a coefficient of 0.198, a t-value of 3.094, and a p-value of 0.003. Since the p-value is less than 0.05, the null hypothesis is rejected.

Decision: Comparability has a positive and statistically significant effect on the financial performance of First Bank of Nigeria Limited.

Test of Hypothesis Five

H_{05} : Understandability has no significant effect on the financial performance of First Bank of Nigeria Limited.

The regression result shows that understandability has a coefficient of 0.275, a t-value of 3.929, and a p-value of 0.000. Since the p-value is less than 0.05, the null hypothesis is rejected.

Decision: Understandability has a positive and statistically significant effect on the financial performance of First Bank of Nigeria Limited.

4.4 Discussion of Findings

The study found that relevance has a positive and statistically significant effect on the financial performance of First Bank of Nigeria Limited ($\beta = 0.301$, $p < 0.05$). This indicates that financial information capable of influencing economic decisions can support managerial planning, evaluation and resource allocation. The finding is consistent with Imhanzenobe (2022), who emphasized the value of useful and relevant financial information, and it is also consistent with the position attributed to Afolabi and Adegbe (2023) that quality reporting promotes transparency and supports performance. The result therefore reinforces the importance of decision-useful financial information within the bank.

Faithful representation also had a positive and statistically significant effect on financial performance ($\beta = 0.257$, $p = 0.001$). This suggests that financial information that accurately, completely and neutrally represents underlying economic events is associated with better financial performance. The finding is consistent with Nwude and Nwude (2023), who emphasized accurate



measurement, adequate disclosure, consistency and compliance as components of reporting quality. It also agrees with the governance perspective discussed by Uwuigbe et al. (2023), which links stronger reporting and control mechanisms with reduced opportunities for misleading financial reporting.

Timeliness had a positive and statistically significant effect on financial performance ($\beta = 0.228$, $p = 0.002$). Timely information enables management and other users to act while financial information remains useful. This finding is consistent with Peters and Fred-Horsfall (2023), who discussed improvements in the speed and quality of reporting associated with accounting information systems among Nigerian banks. It also accords with the IASB (2023) identification of timeliness as an enhancing qualitative characteristic of useful financial information.

Comparability had a positive and statistically significant effect on financial performance ($\beta = 0.203$, $p = 0.003$). Comparability enables users to identify similarities and differences across reporting periods and, where appropriate, across entities. The result is consistent with the IASB (2023) framework, which identifies comparability as an enhancing qualitative characteristic, and with Imhanzenobe (2022), whose discussion of accounting standards highlights the importance of comparable information. Consistent accounting policies and reporting practices can therefore assist the bank's users in evaluating trends and performance.

Understandability had a positive and statistically significant effect on financial performance ($\beta = 0.289$, $p < 0.001$). This indicates that clearly presented financial information can support effective planning, monitoring and evaluation. The finding is consistent with the IASB (2023), which recognizes understandability as an enhancing qualitative characteristic, and with Kwanbo et al. (2023), who described financial reporting as an accountability and communication mechanism. Thus, financial reports need not only to be accurate but also sufficiently clear for users to interpret and apply the information.

Taken together, the regression results indicate that the five dimensions jointly explain 74.1% of the variation in financial performance ($R^2 = 0.741$), while the adjusted R^2 of 0.725 indicates that 72.5% remains explained after adjustment for the number of predictors. The ANOVA result ($F = 43.913$, $p < 0.001$) further indicates that the model is statistically significant. These findings are broadly consistent with the literature reviewed, although differences in measures, research designs, sectors and institutional contexts mean that the results should be interpreted within the scope of this single-bank survey study.

5.0

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

Based on the findings of the study, it is concluded that the dimensions of financial reporting quality examined in the study have statistically significant effects on the financial performance of First Bank of Nigeria Limited.



Relevance has a positive and significant effect ($\beta = 0.286$, $p < 0.05$), indicating that decision-useful information enhances profitability and investor confidence.

Faithful representation has a positive and significant effect ($\beta = 0.241$, $p < 0.05$), implying that complete and unbiased reporting reduces information asymmetry.

Timeliness has a positive and significant effect ($\beta = 0.214$, $p < 0.05$), showing that prompt reporting improves responsiveness and regulatory compliance.

Comparability has a positive and significant effect ($\beta = 0.198$, $p < 0.05$), suggesting that consistent accounting policies enable trend analysis and performance evaluation.

Understandability has a positive and significant effect ($\beta = 0.275$, $p < 0.05$), demonstrating that clear presentation of reports enhances stakeholder communication.

The model is statistically significant ($F = 43.913$, $p < 0.001$) and explains 74.1% of variation in financial performance ($R^2 = 0.741$). Therefore, high-quality financial reporting should be sustained as a strategic tool for improving financial performance in deposit money banks

5.2 Recommendations

Based on the findings of the study, the following recommendations are made:

- i. **Relevance:** The management of First Bank should continue to provide forward-looking and decision-relevant information by leveraging its Enterprise Resource Planning (ERP) system to enhance managerial decision-making.
- ii. **Faithful Representation:** The Internal Audit and Compliance departments should strengthen internal controls and independent review mechanisms to ensure financial reports are complete, neutral and free from material misstatement.
- iii. **Timeliness:** Management should automate its financial reporting process to reduce the time lag between year-end and publication of annual reports, in line with CBN regulatory timelines.
- iv. **Comparability:** The bank should maintain consistency in accounting policies and disclosure practices in compliance with IFRS, to allow meaningful comparison of financial performance across periods.
- v. **Understandability:** Financial reports should be presented in a clear, concise and user-friendly manner with adequate notes, charts and explanations to improve understandability for non-technical stakeholders.



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