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The Effects of Changes in Accounting Standards on Value Relevance of Financial Statement Information of Malaysia and Nigeria Banks

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ABSTRACT

The objective of this study is to investigate the effects of changes from Malaysia and Nigeria previous accounting standards to IFRS-based standards on value relevance of financial statement information of Malaysia and Nigeria banks. Limited studies on the association between IFRS and value relevance of financial statement information in emerging economies and the continuous exclusion of financial institutions from samples of prior studies motivated this study to acquire the banking sector of two emerging countries – Malaysia and Nigeria in order to investigate whether changes in Malaysia and Nigeria accounting standards affects value relevance and reliability of financial statement information. Hence, this study used a sample of 21 banks representing 8 Malaysian banks and 13 Nigerian banks for a study period of 4 years (2009-2012). This study used a modified price and return models theoretically and respectively consistent with Ohlson (1995) and Easton and Harris (1991) to investigate value relevance of financial statement information of Malaysia and Nigeria banks for an equal pre and post IFRS/MFRS adoption periods. The study discovered that MFRS impact more significantly and positively on the value relevance of financial statement information of Malaysia banks than the previous FRS. However the different models evidenced different results for the Nigeria banks. Particularly, while some measurements of the price model demonstrated that Nigeria banks post IFRS adoption financial statement information is associated with high value relevance, other price model statistics proved directly opposite. The return model total indicators on the other hand evidenced that financial statement information value relevance of Nigeria banks got worsened post IFRS adoption. Overall this study concludes that IFRS-based standard is fundamental to producing and publishing high value relevant accounting information. Hence, this study recommends that globally, IFRS should be adopted as the standard for the preparation and reporting of financial statements. Nigeria banks should borrow leaf from the efficient and effective institutional regulatory framework and good corporate governance practices of Malaysia banks.

Keywords: Accounting Standards, IFRS, MFRS, FRS, SAS, Value Relevance, Accounting Information, Capital Market Information, Price and Return Regressions

1. Introduction

1.1. Purpose of Study

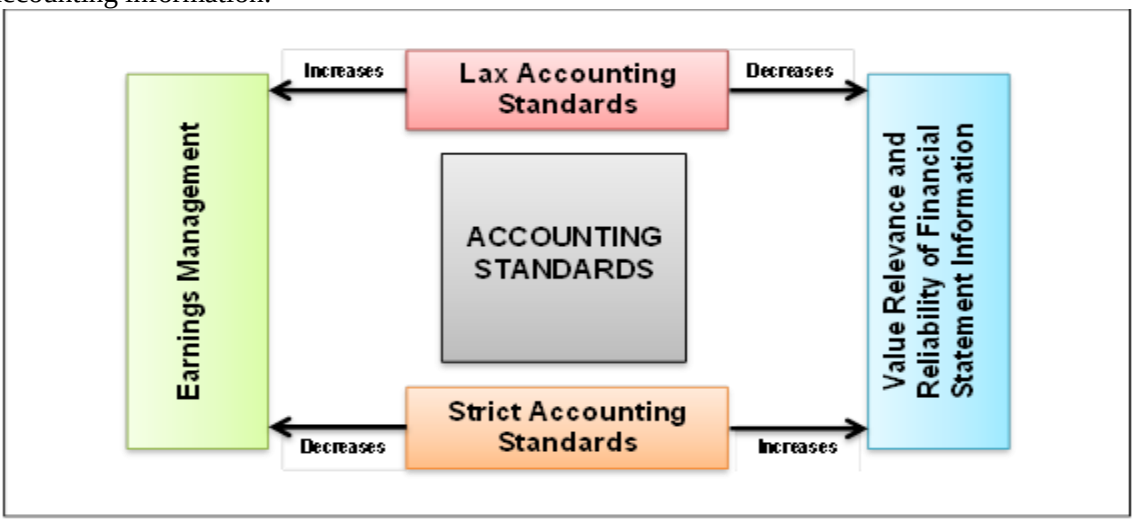
The main purpose of this study is to empirically investigate the effects of changes in Malaysia and Nigeria accounting standards on value relevance of financial statement information in a sample of 21 Malaysia and Nigeria banks. More specifically, this study investigates whether there has been a significant change in value relevance of financial statement information of Malaysia banks following the change in Malaysia accounting standards from Financial Reporting Standards (hereafter referred to as FRS) to International Financial Reporting Standards (hereafter referred to as IFRS)-based Malaysia Financial Reporting Standards (hereafter referred to as MFRS). This study equally investigates whether there has been a significant change in value relevance of financial statement information of Nigeria banks

following the change in Nigeria accounting standards from Statement of Accounting Standards (hereafter referred to as SAS) to International Financial Reporting Standards (hereafter referred to as IFRS).

1.2. Overview of Accounting Standards and Value Relevance

In recent years several financial and accounting scandals have risen, all above Enron and Worldcom in the United States. Chen (2012) affirmed that incidents of corporate frauds in the form of false financial reporting, irregular transactions, inflated revenues and assets embezzlement have been on the increase world over. These financial reporting frauds are commonly discussed in this literature by the terms income smoothing, big bath accounting, creative accounting, aggressive accounting, window dressing or generally earnings management (Rolland, 2012). Consistent with Healy and Wahlen (1999) earnings management occurs when managers use judgment in financial reporting and in structuring transactions to alter financial reports to either mislead some stakeholders about the underlying economic performance of the company, or to influence contractual outcomes that depend on reported accounting numbers. The resultant effects of these gross accounting violations are disastrous and have created ripple in the corporate world. Consequently, the public and especially investors have lost confidence and trust in financial reporting, management team along with their accounting decisions (Anja, 2008) and it has led to the global collapses of many large organisation (Elisa *et al.*, 2006). Malthus (2004) asserts emphatically that the wave of corporate collapses in the US and Australia, including many high profile businesses such as Enron, WorldCom and HIH Insurance, has led to a decrease in public esteem for accounting. Some studies have provided insights into the relationship between earnings management and value relevance of financial statements information. For instance, Whelan (2004) indicate that the value-relevance of earnings is expected to be lower for earnings management firms than for non-earnings management firms. Ahsan (2004) investigated the impact of earnings management on value relevance of accounting information in the context of Japan and present evidence based on 5,318 consolidated firm-year observations over 1992-1999 that both earnings management measures and aggregate earnings management measures are significantly negatively associated with the combined value relevance of book values of equity and earnings and value relevance of earnings. Imam (2010) equally examine the impacts of the earnings management proxies integrated by factor analysis on value relevance of earnings and book value of equity and demonstrated that integrated earnings management decrease the value relevance of earnings and book value of equity. Marquardt and Wiedman (2004) investigated whether opportunistic earnings management affects the value relevance of net income and book value in determining stock price and their results showed a decrease in the value relevance of earnings in the year of an equity offering for a group of firms with ex post evidence of earnings management. In summary, nearly experts in this literature examining relationship between earnings management and value relevance of accounting information show that earnings management decrease value relevance of accounting information. Hence, the practice of earnings management erodes the value-relevance and reduces the reliability of financial statements information. For clarity sake, the association between accounting standards, earnings management and value relevance of accounting information is diagrammatically presented below:

Figure-1. Association between accounting standards, earnings management and value relevance of accounting information.



However, Haswell and McKinnon (2003) demonstrated that the dubious accounting practices allowed under the accounting standards in the US and Australia was partly blamed for the collapses. There could be another wave of collapses sometime in the future (Malthus, 2004). Prior studies have emphatically documented that firms generally use allowances, accounting choices, opportunities and flexibilities provided in accounting standards to manipulate and manage financial reports.

Kai (2011) posits that managers may use the flexibility in the GAAP to misstate the accounting numbers. He described "within-GAAP earnings management" as a situation where managers exploit the flexibility allowed by the accounting principles in the GAAP to smooth earnings. Amrik (2004) affirmed that earnings management may arise where managers have flexibility and alternatives in choosing from a set of accounting policies (within the context of financial reporting) to respond to changing business circumstances. Goncharov and Zimmermann (2007) studied whether accounting standards influence the level of earnings management and equally showed that a different amount of accounting choices and flexibilities embedded in different accounting standards influences the level of earnings management.

One common ground from the above arguments is that differences in quality of accounting standards, fundamentally, play a role in differences in earnings quality and value relevance of accounting numbers. Quality of accounting standards influences the users' perception of quality of financial information. High quality accounting standards reduce earnings management and information asymmetry between managers, owners and other users of financial reports and enhance the value-relevance and reliability of financial information.

Better quality financial information, as a result, will mitigate the agency problem between contracting parties (Etty, 2005). Ball *et al.* (2003) argue that adopting high quality standards might be a necessary condition for high quality information, but may not necessarily guarantee high-quality financial reporting.

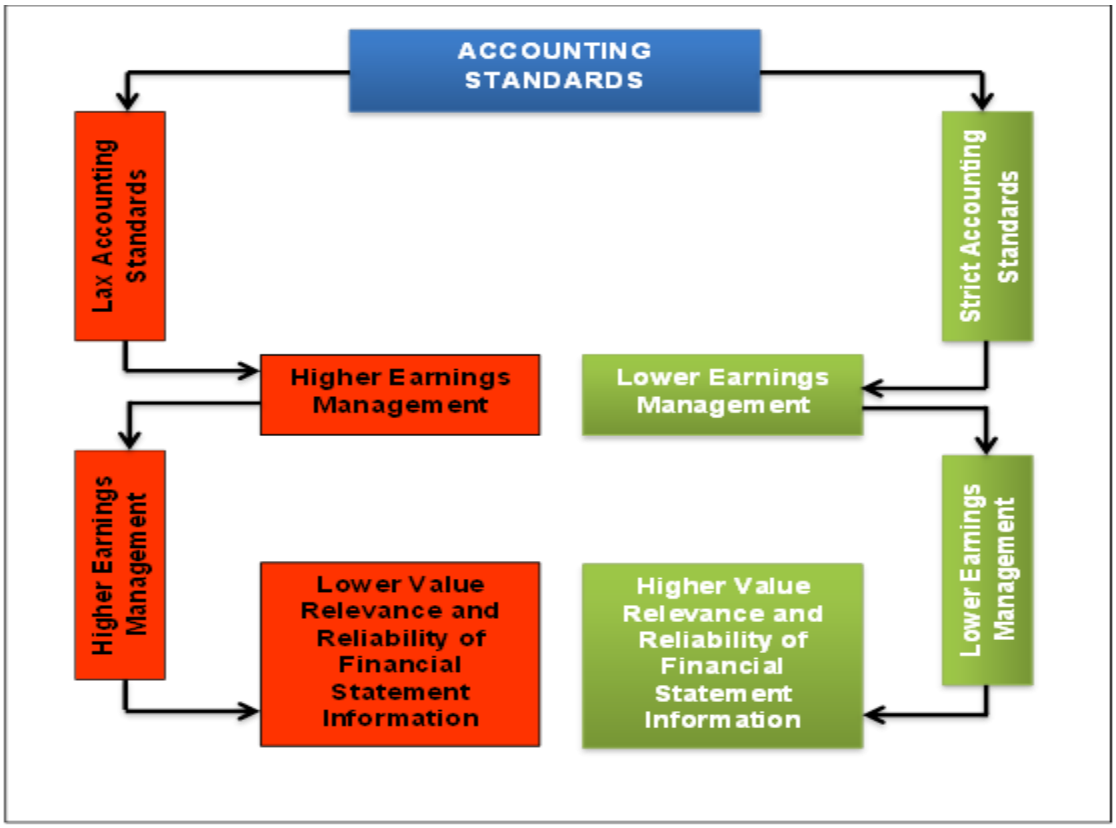
The Roadmap toward IFRS Adoption was announced in Malaysia on 19 November, 2011. According to the Roadmap the adoption of IFRS is mandatory for all publicly listed companies from 1 January, 2012. Similarly, on 28 July, 2010, Nigeria approved 1 January 2012 as the effective date for convergence with IFRS. The questions capital market participants usually ask: what are the effects of the changes in accounting standards on accounting quality? Answers to these questions critically depend upon whether the current MFRS/IFRS are of higher or lower quality than Malaysia and Nigeria domestic FRS/SAS. By a higher quality standard this study means a standard that either reduces managerial discretion over accounting choices or inherently disallows smoothing or overstatement of earnings.

If MFRS/IFRS are of higher quality than previous Malaysia and Nigeria domestic FRS/SAS and they are appropriately enforced, then this study expects mandatory adoption of MFRS/IFRS to improve accounting quality. On the other hand, if MFRS/IFRS are of lower quality than previous Malaysia and Nigeria domestic FRS/SAS then this study would expect them to reduce accounting quality. Hence, the question of interest in our study, therefore, is whether the convergence of convergence with or adoption of IFRS has improved the value relevance of financial reporting and accounting information of Malaysia and Nigeria banks.

Changes in accounting standards are expected to influence the reporting habits and outcomes. According to Anja (2008) introducing new standards or changes in standards is usually aimed at improving the accuracy, comparability, uniformity and overall value relevance of accounting numbers across firms and economies.

Hence, the global adoption to or convergence with IFRS is considered likely important determinant of the quality of accounting information (Houqe *et al.*, 2012). Arum (2013) investigating the impacts of the implementation of IFRS on the quality of financial statement information in Indonesia strongly posits that the adoption of IFRS is expected to result to better, more relevant and reliable financial reporting quality capable of reducing moral hazard in the financial statements to conduct earnings management through accrual policy. Ewert and Wagenhofer (2005) examined the economic impacts of tightened accounting standards on earnings management and found a decrease in accounting earnings management and an increase in earnings quality.

Figure-2. Prediction that the adoption of a high quality standard such as IFRS will improve value relevance



Accordingly, Ashbaugh and Pincus (2001) in Etty (2005) also showed that differences in different country accounting standards relative to IFRS and earning forecast errors of analysts are positively related. This means that the smaller the differences between national accounting standards and IFRS, the smaller the earnings forecast errors and the opposite holding true for a larger difference. Also following the mandatory implementation of IFRS in Indonesia, Arum (2013) examined the impacts of IFRS adoption on the quality of financial statement information in Indonesia using earnings management, timely loss recognition, and value relevance of accounting information as proxies and indicated that the implementation of IFRS has an effect to decreased the scope of earnings management and increased the value relevance of accounting information. Malaysia convergence with and Nigeria adoption to IFRS can be seen as a way to tighten accounting standards in order to diminish the manipulation of accounting numbers. Hence, the figure below explains the prediction that the adoption of a high quality standard such as IFRS will improve the quality of financial statement information in terms of high value relevance.

1.3. Motivations for Study and Statement of Problem

IFRSs issued by the IASB have been developed to ensure consolidation and harmonization of corporate accounting practice and to answer the need for high quality standards to be adopted in the world's global and international capital markets (Van Tendeloo and Vanstraelen, 2005). However, inconclusive views exist on the development, adoption and application of IFRSs as a single set of high-quality global accounting standards. The proponents of single set of global accounting standards (IFRSs adoption) assert that financial statements prepared in accordance with a nations local accounting standards may hardly meet the global needs of investors, business partners, financiers decision-makers among other users of financial statements (Antwi, 2010). Some proponents equally maintain that a single set of global standards will ensures similarities in the treatment of transactions world over, resulting in globally comparable financial statements (Beke, 2011). Tokar (2005) also posits that global convergence with single set of accounting standards would result in the use of the same conventions to measure and report financial position and financial performance of firms in different capital markets as differences in conventions might impact the data available for making investment decisions affecting the investment decisions themselves. Tweedie and Seidenstein (2005) indicate that a single global accounting standard ensure comparability of financial results of diverse companies, the elimination of a major investment risk

relating to understanding different national accounting regimes and the creation of more opportunities for diversification and improved investment returns.

Notable opponents of a single set of global accounting standards are Nobes (2006); (Kvaal and Nobes, 2010) They identified many opportunities for variation in practices under IFRSs and accorded support for different national accounting standards profiles. Oseni *et al.* (2011) suggests that a single set of global accounting standards would not be flexible enough and might likely not be able to cater for the diverse national circumstances including legal, economic and cultural differences. Černe (2012) examining factors that influence country's accounting system, evidenced interdependency of accounting system and its environment. Chen, Tang, Chen *et al.* (2010) posits that accounting standards in two countries need not be the same giving consideration to features of local business environments and institutional framework. Erick (2011) who opposed the use of IFRSs in developing countries also argued that the characteristics of local business environments and institutional frameworks should determine the form and contents of accounting standards. Holthausen (2009) affirmed that to the extent that IFRSs enforcement varies substantially across countries, would result in corresponding wide variation in financial reporting outcomes. Some opponents equally suggest that a single set of global accounting standard will be costly and that the benefits of comparability may not be realized due to disparities in the application across countries (Soderstrom and Sun, 2007; Kvaal and Nobes, 2010; Hail *et al.*, 2010a; 2010b).

The existence of mixed arguments about the suitability of IFRS as a single set of global accounting standards is a major motivation for this study to acquire two countries from different continents in order to examine the suitability and effects of IFRS adoption on the value relevance of financial statement information of corporate firms. Thus if results showed that IFRS adoption in Malaysia an Asian country and Nigeria an African country could limit the practice of earnings management and enhance value relevance and reliability of financial statement information, then this study would in no doubt provide additional evidence and support regarding the suitability of IFRS as a global reporting and accounting standards. This is premised on the possibility of comparing and contrasting the experiences of these countries including their different geographical areas and consideration given to their regional trends and developments.

Another fundamental motivation for this study is that most of value relevance studies have been conducted in the context of the IFRS adoption in the European markets, developed and industrialized economies with less attention being given to developing countries. Kousenidis *et al.* (2010) used a sample of Greek companies to investigate the value relevance of accounting information in the pre- and post-periods of IFRSs adoption. Callao *et al.* (2007) used IBEX-35 Spanish companies to examine the effects of the new IFRSs on comparability and the relevance of financial reporting. Sibel (2013) also investigated the value relevance of accounting information in pre- and post-financial periods of IFRSs application using Turkish listed firms for periods 1998 to 2011. Cormier (2014) investigated the properties of financial reporting and disclosures in Canada under IFRSs. Others also include Palea (2013) and Paglietti (2009) who studied the effects of IFRSs adoption on the quality of financial reporting focusing on European Steve *et al.* (2013) who used German market to examine the relative benefits of convergence U.S. GAAP with IFRSs; (Brochet *et al.*, 2011) who employed firms domiciled in the UK to examine the effects of mandatory IFRS adoption on financial statement comparability and Kamran and Manzurul (2012) who focused on Australia to investigate the effect of IFRSs adoption on the financial reports of local government entities. Mishari (2009) is one of the few studies on IFRSs adoption and the value relevance of accounting information in emerging stock markets.

Perhaps, while developed countries have for long converged and adopted IFRS, emerging economies are just realising the needs to be included in the global wave of internationalizing and consolidating accounting standards. Whatsoever, this is an important gap in this literature given evidences that emerging markets are substantially different from developed markets in terms of the nature, direction, magnitude and processes of operation of their financial markets resulting from differences in their economic, social, regulatory framework and market behaviour (Rashid and Islam, 2008), institutional, organisational and market aspects of the economy and society (Hofstede and Hofstede, 2004), independence of supervisory and regulatory authorities (Berghe, 2002), government domination of banking systems (Gibson, 2003; Lins, 2003) including state governments ownership (Shleifer and Vishny, 1997; Thillainathan, 1998; Claessens *et al.*, 2000).

The third motivation for this study is lack of clear evidence on whether the financial statement information reported under the IFRS reporting regime has better quality compared to the domestic reporting standards commonly referred to as the national Generally Accepted Accounting Practices

(GAAP). Prior studies on the association between IFRSs adoption and its ability and potency to enhance value relevance of financial statement information of corporate firms provide contradictory and inconsistent results. Some studies affirmed that IFRS adoption has contributed to an increased value-relevance of accounting information of corporate firms. For example, Oskar and Erik (2012) attempted to provide answers to the question whether the adoption of IFRS/IAS has enhanced value-relevance of Scandinavian earnings information and book values and economic decision-usefulness of accounting information to equity investors, demonstrated significantly from empirical signs of an increased value-relevance in both Scandinavian earnings information and book values. Kwong (2010) investigated the value relevance of financial reporting in Malaysia focusing on three different financial reporting periods and provide results that IFRS adoption is value relevant for decision making among investors. Gjerde *et al.* (2008)using sample consisting of 145 restatements from NGAAP to IFRS for firms listed on the Oslo Stock Exchange in Norway, examine whether the IFRS accounting figures correlate more strongly with stock market values than the corresponding NGAAP figures and their results also demonstrated that there exists little evidence of increased value-relevance after adopting IFRS when comparing and evaluating the two regimes unconditionally.

However, some studies conversely establish no association between IFRSs adoption and increase in value relevance of accounting information. (Tsalavoutas *et al.*, 2010) examine the value relevance of accounting fundamentals before and after the mandatory transition to IFRS in Greece and presents evidences showing no significant change in the value relevance of book value of equity and earnings and accounting information between the pre and post IFRS adoption periods. Tatiana and Polina (2013) empirically examine the influence of IFRS adoption on the value relevance of financial reporting of Russia public companies and evidenced that Russian market showed no evidence of increased value relevance of financial reporting to external users of financial information after adopting IFRS when comparing and evaluating the two regimes (RAS and IFRS) unconditionally. Niskanen *et al.* (2000) also examined the value relevance of Finland Local Accounting Standards (LAS) earnings and their voluntarily disclosed reconciliations to the IAS and present empirical evidence that the aggregate reconciliation of LAS to IAS earnings does not provide significant value relevance to either investor group. Schiebel (2007) equally examined the value relevance of IFRS and German GAAP and demonstrated that German GAAP is significantly more value relevant statistically than IFRS. Overall, the empirical evidence on IFRS association with value relevance of financial statement information of corporate firms is somewhat mixed.

Furthermore, most prior studies on IFRS focus on the collective effects of its adoption on earnings management, timely loss recognition and value relevance of financial statement information statements (George, 2010; Dechow *et al.*, 2011; Erick, 2011; Mendes *et al.*, 2012). Giving consideration to earnings management as a major independent and sometimes the moderating variable between IFRS and value relevance and the common use of accrual quality particularly discretionary accruals as proxy for earnings management (Peasnell *et al.*, 2000; Dechow *et al.*, 2003; Stubben, 2008; Hamidreza *et al.*, 2012; Lenard and Bing, 2012) these studies focus mostly on manufacturing sales based and continuously excluded financial institutions from their samples. The exclusion of financial institutions as commonly agreed by these studies is due to clear evidences that the financial institutions have peculiar but specific accounting requirements, a high degree of complexity and accrual generating process different from manufacturing sales based firms (Becker *et al.*, 1998; Maijoor and Vanstraelen, 2006; Moreira and Pope, 2007; Tareq, 2010; Tianran, 2011). This study is not aware of any prior studies that investigate the association between IFRS adoption and value relevance of financial statement information of specific industry such as financial institutions and utility firms within Malaysia and Nigeria capital markets.

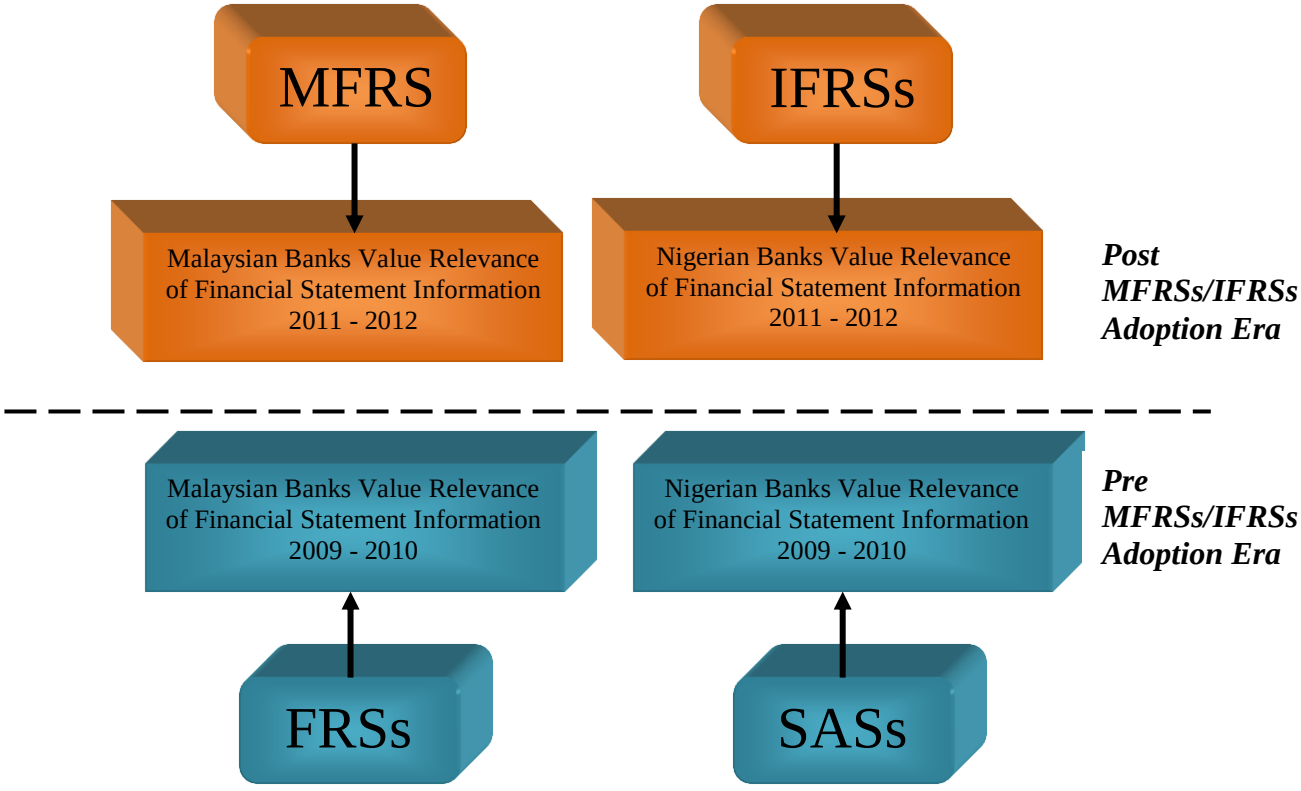
This is another important gap in this literature giving consideration to evidences that financial institutions particularly banking sector play a dominant role in the financial sector and machinery for economic advancement (Levine, 1999; Aniekan and Sikiru, 2010; Were and Wambua, 2013) yet researchers found evidence of earnings management in banking for quite some time (Iannotta and Kwan, 2013). Diantimala and Baridwan (2012) providing answers as to whether the Indonesian SFAS 50 and 55 (Revised 2006) could reduce earnings management of commercial banks in Indonesia demonstrated that firm's managers, including bank managers, manage their reported earnings for many different purposes. Flannery *et al.* (2013) investigating the 2007–2009 financial crisis and bank opaqueness painfully questioned the reasonability of transparency of financial institutions and specifically opined that the possibility that banking firms are ''opaque'' has played a central role in the financial crisis. Empirical evidences also suggest that transparency, trust and the fiduciary principle, which was the cornerstone of banking, has been completely jettisoned as banks now engage in the deliberate manipulation or distortion

of records to conceal the correct and true state of affairs (Sanusi, 2002; Ogubunka, 2003; Imala, 2004; Bakre, 2007; Ajibolade, 2008; Okike, 2009; Otusanya and Lauwo, 2010; Babalola, 2011; Isenmila and Elijah, 2012),

Worth emphasizing at this juncture that prior studies on IFRS adoption are conducted either in the context of cross country comparative examination of the impacts of IFRS adoption on value relevance of financial statement information of corporate firms or different reporting era within the same economic and business environment. For instance the first group (comparative studies) analyses the value relevance of accounting figures in several countries, i.e., comparing the information content of accounting figures under different institutional settings. Alford *et al.* (1993), Ali and Hwang (2000), Ball *et al.* (2000) are examples of such comparative studies. The second group (different GAAPs) uses firms that have a dual reporting system, i.e., comparing different GAAPs or a GAAP and IFRS under the same institutional settings. Booth *et al.* (1997), Martikainen *et al.* (1997), Kinnunen *et al.* (2000) are examples of this type of study. The advantage of this study over the above mentioned group of studies is that this study acquires the combination of their respective methodological settings. Thus, this study provides some empirical evidences of the relationship between IFRS adoption and value relevance of financial statement information giving consideration to regional trends and developments by focusing on Malaysia and Nigeria different institutional settings. In addition, it uses firms or banks that have dual reporting regimes (either FRS/SAS or MFRS/IFRS) but within the same economic, business and institutional environment. Specifically, there has not been any value relevance study on the Malaysian and Nigerian market (cross - country) among all the listed banks across since the efforts of the MASB and Nigeria FRC to fully converge its financial reporting standards to IFRS (dual reporting regimes).

The effects of changes in accounting standards from previous Malaysia and Nigeria domestic FRS/SAS to IFRSs-based standards on earnings management in Malaysia and Nigeria banks is an empirical question that employ investigation framework presented below:

Figure-3. Investigation Framework



2. Significance of Study

Regulators, standards setters and policy makers are concerned about the impact that changes from Malaysia and Nigeria previous accounting standards to IFRS-based standards might have on the quality of financial statement information of firms. This study will provide relevant information and promote understanding to regulatory and supervisory agencies Malaysia Accounting Standard Board, Nigeria Financial Reporting Council, Bank Negara Malaysia, Central Bank of Nigeria, The SEC, Nigeria

Securities Exchange Commission, Bursa Malaysia and the Malaysian Institute of Corporate Governance for a number of reasons.

Through issuance of a set of high quality financial reporting standards, the IASB has attempted to improve the quality of accounting information in terms of its usefulness and high relevance to users of such information (Lei *et al*., 2008). One aim of IASB is to improve the transparency and comparability of financial reporting across countries. This study would specifically be informative to the IASB, which sets the accounting standards that are designed to remove many allowable accounting alternatives expected to limit the managements' discretion to manipulate earnings, thereby improving earnings quality. This is achievable through the instrumentality of country specific standards setting bodies such as MASB and FRCN. In addition, global adoption to or convergence with IFRS has been one of the most controversial, costly, and complex standards projects implemented by the Board. This study will be useful to the IASB in assessing country behaviour, changes in country responses to the adoption and a vetting process for IFRS in Nigeria and Malaysia. More so, adoption to or convergence with IFRS should enable the IASB to observe changes in the use of discretionary accounting choices, evaluate the impacts of IFRS on earnings and value relevance and reliability of accounting information.

Generally, the SEC also has a key role in enforcing IFRS because it touches on the SEC's own agenda, which is transparency of financial statements and potential manipulation of earnings. In addition, it is the role of the SEC to control insider trading, to promote prompt disclosures, to reduce information asymmetry, and to improve the efficient operation of the securities markets (Amrik, 2004). Through various speeches by SEC officials, the agency has indicated that it will review filings to ensure that firms are strictly and fully compliant with all the disclosure requirements of IFRS. Therefore, relevance and reliability of financial statement information of corporate but listed firms have been the focus of the SEC including Malaysia and Nigeria Security Exchange Commissions' attention. Earnings management can potentially lead to misleading/low value relevant financial statements as illustrated by the recent cases of fraudulent reporting, accounting scandals that have eroded public confidence in the quality and accuracy of external financial reporting. Given that financial reporting is used to communicate management information to investors, financial analysts, managers and auditors and creditors among others, these actions by the SEC, Bursa Malaysia and Nigeria Stock Exchange Commission indicate that the results of this study would be relevant and informative to them.

In addition, financial information is used to assess the firm's financial position in order to forecast the firm's future prospects. The users of financial statements use the outcome from the analysis of financial statements in decision making. This study should also help regulators including country specific accounting standards setters (MASB and FRC) determine if IFRSs is being implemented as intended with full disclosures so that financial statement users will have relevant information to understand factors that influence the quality of financial statements information which will in turn moderate dependence on financial statement figures and build confidence in decision making (Yunos, 2011).

This study is timely and is the first study to-date to empirically investigate the effects of the changes in Malaysia and Nigeria accounting standards on value relevance and reliability of financial statement information in Malaysia and Nigeria banks. By using control periods from before and after IFRSs/MFRSs adoption, this study identifies unexpected changes that are associated with changes in the standards. Many previous studies examined the link between accounting standards and quality of financial reports focusing on multi-sales based industries and seldom provide cross country comparisons. Thus, we offer the advantage of cross country comparative panel data methodology by examining a more detailed and extensive data so that the results can be generalised and provide meaningful interpretations giving considerations to regional trends and developments.

3. Data Analysis and Interpretations

According to Value relevance research measures the usefulness of accounting information from the perspective of equity investors. This is due to the fact that financial statements and their analysis is a reliable spring for active stock market investors (Kommunur, 2010). Relevance and reliability are the two main characteristics of accounting information. The value relevance, i.e. predicted significant relationship with share price, of accounting information is fitting only when the accounting information is relevant to investors in valuing the firm and if the information is measured reliably. Accounting information that better reflects a firm's underlying economics (Barth *et al*., 2008) increases accounting quality and provides investors with information to help them in efficient decision making ability (Kommunur, 2010).The question that is addressed in this study is whether the application of IFRS in Malaysia and

Nigeria is associated with higher value relevance i.e more association between stock price and earnings and book value of banks, than application of previous Malaysia FRS and Nigeria SAS.

Extant studies evidenced the existence of two models for assessing accounting value relevance. These models include the price model and the returns model. According to Ohlson (1995) the price model is used to examine the association between stock price and earnings and book values. On the other hand, Easton and Harris (1991) established the usage of the returns model to examine the association between stock returns and the level of and change in earnings. Barth *et al.* (2001) posit that an accounting measure is assumed to be value relevant if it has a reliable relationship with equity market values. Overall, value relevance tests are geared towards establishing association between accounting information and economic or capital market information. To provide an in-depth insight, this study employed both the price and returns models to examine the value relevance of Malaysia and Nigeria banks accounting information in the context of changes in accounting standards.

3.1. Sample Selection

The sample used in this study is restricted to eight Malaysian banks and thirteen Nigerian banks. Nigeria has a total of about twenty four banks but foreign banks and banks with missing data were excluded bringing the number of Nigeria banks used to thirteen. Therefore, the total number of banks used for this study is twenty one.

3.2 Investigation Period

The study period is four years made up two years pre adoption period (2009 and 2010) and two years (2011 and 2012) post adoption period. Though 2012 is the full adoption year for both Nigeria and Malaysia, 2011 is considered a post adoption period because it is the transition year statutorily requiring all 2011 annual reports to be restated to IFRS/MFRS based reports. Thus, the IFRS/MFRS restated reports are considered to be post adoption reports. This study is restricted to equal two years pre and post adoption periods because most entities including banks in Malaysia and Nigeria are yet to publish their 2013 annual reports.

Data from banks' financial statements and capital markets DataStream are used to construct a proxy for banks' accounting quality. Data for overall operations are used rather than segment data because the segment data do not provide enough information to compute an estimate of banks' accounting information value relevance as proxy for accounting information quality. A total of eighty four banks annual financial data (that is four annual financial reports and observations for each bank) were used for this study.

3.3 Price Model

Ohlson (1995) provides a model that relates the market value of a firm with the firm's book earnings and book value. Hence, the empirical statistical link between a firm's share price and earnings and book value is used as the principal gauge to measure the value relevance of accounting information (Mishari and Faisal, 2011). The specification of an empirical association between a firm's share price, earnings and book value is logical and premised on the fact that the better the performance of a firm; the more interested would investors be in such firm. Performance universally is measured using earnings figure. Meaning that the more the earnings attributable to investors described as earnings per share (EPS); the more the assumed high performance of the firm. Consequently, the more the interest of investors in a firm, the more would be the demand for the shares of the firm. Hence high stock demand would normally result in high share prices. Mishari and Faisal (2011) corroborating the above assertion similarly affirmed that if accounting variables (earnings and book value) are value relevant to investors, then it becomes essential to evidence an association between stock price and accounting information such as earnings and book value. In order to demonstrate the existence of a statistical association between capital market variables particularly stock price and accounting variables such as firm's earnings and book value prior extant studies considered the statistical significance of the coefficients of the independent variables (earnings and book value) and the adjusted R^2 of regressions with stock price as the dependent variable and earnings and book value as independent variables. (Collins *et al.*, 1997; Francis and Schipper, 1999; Balachandran and Mohanram, 2011). Our first model specified to measure value relevance as the adjusted R^2 of the regression of stock price per share (P_{it}) on earnings per share (EPS_{it}) and book value per share (BVPSit) is as follows:

$P_{it} = \beta_0 + \beta_1 EPS_{it} + \beta_2 BVPS_{it} + \varepsilon_{it}$ ..... (1)

where

P_{it} = stock price per share for bank i at time t
EPS_{it} = the earnings per share of bank i at time t
BVS_{it} = the book value per share of bank i at time t
t = pre adoption period -2009, 2010, corresponding to the fiscal year 2009 and 2010 and post adoption period 2011, 2012 corresponding to the fiscal year 2011 and 2012.
ε_{it} = other value-relevant information

3.4. Return Model

Following Easton and Harris (1991), Barth *et al.* (2008), Lang *et al.* (2006) among others this study equally proxy for reliability and relevance of financial statement information based on the explanatory power R^2 and the coefficients obtained from the OLS regression of profits on stock returns under different accounting and reporting regime. High quality profits would be expected to exhibit higher association with stock returns. The model is presented below:

$EPS_{it} = a_0 + a_1 AR_{it} + e_{it}$ …… (2)

where
EPS_{it} is net profit divided by beginning of year share price;
AR_{it} is the annual stock return at year-end.
AR_{it} is calculated as follows: $P_{it} - P_{it-1} / P_{it-1}$ …… (3)

where
P_{it} is the price of security i at the end of period t, and
P_{it-1} is the price of security i at the end of period t-1.

3.5 Descriptive Statistics

Table-1. Malaysia Sample Pre and Post Descriptive Analysis

	Pre Adoption				Post Adoption			
	Price	EPS	ARR	BVS	Price	EPS	ARR	BVS
Mean	6.812375	0.456200	0.466121	0.937500	8.186250	0.622869	0.072783	0.937500
Median	6.749000	0.440000	0.378515	1.000000	7.555000	0.599250	0.050168	1.000000
Max	13.02000	0.872000	1.194872	1.000000	16.28000	1.105000	0.355960	1.000000
Min	2.520000	0.120000	0.121770	0.500000	3.080000	0.235000	-0.153630	0.500000
Std. Dev.	3.107512	0.235302	0.305059	0.170783	3.949047	0.268972	0.147857	0.170783

From the above table it is obvious that the mean and median scores respectively for PRICE and EPS got significantly and advantageously improved post MFRS adoption. However, ARR mean and median score declined consequent upon MFRS adoption.

Table-2. Nigeria Sample Pre and Post Descriptive Analysis

	Pre Adoption				Post Adoption			
	Price	EPS	ARR	BVS	Price	EPS	ARR	BVS
Mean	7.552692	-0.050000	-0.071713	0.500001	6.573846	0.250327	0.072161	0.500001
Median	7.485000	0.415000	0.002733	0.500000	4.680000	0.555000	-0.108664	0.500000
Max	17.76000	8.300000	0.878050	0.500010	23.00000	3.190000	1.572920	0.500010
Min	0.840000	-20.81000	-0.934920	0.500000	0.500000	-14.06000	-0.744000	0.500000
Std. Dev.	5.141000	4.553744	0.397474	2.72E-06	6.122713	3.100464	0.664966	2.72E-06

Contrary to the Malaysia sample banks descriptive statistics, the mean and median of PRICE declined but the mean of EPS and ARR got enhanced post IFRS adoption. It is pertinent to mention at this juncture that the statistics of BVS for both countries and respective reporting regimes remained relatively constant.

3.6. Malaysia Sample Price Regression Analysis

3.6.1. Pre Adoption Period

Malaysia pre MFRS adoption period price least squares estimation output demonstrate a significantly high positive coefficient on the earnings per share (EPS) and a significantly low negative coefficient on the book value per share (BVS). The statistical and empirical significant coefficient of 10.13887 on the EPS connotes the existence of reasonable substantial positive link between EPS and price per share.

However, the negative coefficient of -6.454215 on BVS reveals an insignificant negative connection between price per share and BVS during the Malaysia pre adoption period. The R^2 and adjusted R^2 as produced by the least squares estimation output shown below is practically healthier and greater compared to the Nigeria pre adoption values. The R^2 is about 48% while the adjusted R^2 is 40%. Supplementary facts to confirm the Malaysia pre adoption era relationship between price per share, EPS and BVS are provided in the price least square estimation output below.

Malaysia Pre MFRS Adoption period Price Least Squares Estimation Output
Dependent Variable: PRICE
Method: Least Squares
Date: 05/31/14 Time: 01:40
Sample: 1 16
Included observations: 16

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.239750	3.476445	2.370166	0.0339
EPS	10.13887	2.928662	3.461947	0.0042
BVS	-6.454215	4.031050	-1.601125	0.1334
R-squared	0.480010	Mean dependent var		6.812375
Adjusted R-squared	0.400012	S.D. dependent var		3.107512
S.E. of regression	2.407045	Akaike info criterion		4.762038
Sum squared resid	75.32027	Schwarz criterion		4.906898
Log likelihood	-35.09630	Hannan-Quinn criter.		4.769456
F-statistic	6.000241	Durbin-Watson stat		1.571433
Prob(F-statistic)	0.014255			

Additionally, two-tail tests of significance for the effect of EPS and the BVS are performed. The hypotheses for these tests are:

H_0: β_2 = (no EPS effect) H_1: β_2 = (there is EPS effect)

H_0: β_3 = (no BVS effect) H_1: β_2 = (there is BVS effect)

This study used Eviews to calculate the t-values and p-values for these tests. They are automatically computed with the estimation of the equation and are reported on the least squares output as respectively estimated for pre and post IFRSs adoption periods. In order to perform the tests for the effect of EPS and BVS on price per share for the Malaysia pre MFRS adoption period, the t-value correspondingly is specified by:

EPS: t= 10.13887/2.928662= 3.461947

BVS: t = -6.454215/4.031050= -1.601125

The p-value is individually given by:

p-value = P ($t_{(27)}$ > 3.461947) + P($t_{(27)}$ < - 3.461947) = 2 x P($t_{(27)}$ < - 3.461947) = 0.0042

p-value = P ($t_{(27)}$ > -1.601125) + P($t_{(27)}$ < -1.601125) = 2 x P($t_{(27)}$ < -1.601125) = 0.1334

The p-value information giving is adequate for rejecting or not rejecting H_0. In the case of EPS this study rejects H0: $\beta 2 = 0$ at a 5% significance level because the p-values of 0.0042 is statistically less than 0.05. However, in the case of BVS this study do not rejects H0: $\beta 3 = 0$ at a 5% significance level because the p-values of 0.1334 is statistically higher than 0.05. Furthermore, in order to make a judgement about H_0 by associating respectively the calculated values t = 3.461947 and t = -1.601125 to a 5% critical value, this study equally do reject H0: $\beta 2 = 0$ and accept H0: $\beta 3 = 0$ because while calculated t value of t = 3.461947 in respect of EPS is greater than 2.052 at 5% critical value, for BVS the calculated t value of t = -1.601125 is less than 2.052 at 5% critical value. Hence results suggest that while EPS show effect on the dependent variable – price per share during the pre MFRS adoption period in Malaysia, BVS evidenced no effect on price per share for the same reporting era and sample.

3.6.2. Post Adoption Period

Similar to Malaysia pre adopting results, the post MFRS adoption period price least squares estimation output exhibit a significantly high positive coefficient on the EPS and a relatively low negative coefficient on the book value per share BVS. The coefficient of 14.74860 on the EPS represents about 40% increase in the coefficient of EPS as reported for the pre adoption period. This result implies that the Malaysia post MFRS adoption period is characterised with very high reasonable and momentous positive association between EPS and price per share. Conversely, the negative coefficient of -10.99157 on

Malaysia post adoption period BVS compared to -6.454215 on Malaysia pre adoption BVS equally evidence a relatively reduced negative link between price per share and BVS for the Malaysia post adoption period. The R^2 and adjusted R^2 as produced by the least squares estimation output shown below is practically better improved and superior to all the R^2 and adjusted R^2 in the entire price regression analysis irrespective of the samples and reporting era. The R^2 is about 70% while the adjusted R^2 is 65%. Other relevant proofs to further validate that the Malaysia post adoption era witnessed high positive impact of MFRS adoption on value relevance as exhibited through the significant relationship between price per share and EPS are provided in the price least square estimation output below.

Malaysia Post MFRS Adoption period Price Least Squares Estimation Output
Dependent Variable: PRICE
Method: Least Squares
Date: 05/31/14 Time: 01:43
Sample: 1 16
Included observations: 16

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	9.341279	3.371426	2.770721	0.0159
EPS	14.74860	2.682413	5.498260	0.0001
BVS	-10.99157	4.169252	-2.636342	0.0205
R-squared	0.700351	Mean dependent var		8.186250
Adjusted R-squared	0.654251	S.D. dependent var		3.949047
S.E. of regression	2.322055	Akaike info criterion		4.690143
Sum squared resid	70.09524	Schwarz criterion		4.835004
Log likelihood	-34.52115	Hannan-Quinn criter.		4.697561
F-statistic	15.19205	Durbin-Watson stat		1.092443
Prob(F-statistic)	0.000396			

Consistent with tests ran for Malaysia pre adoption period using the price regression model, this study equally ran two-tail tests of significance for the effect of EPS and the BVS for the Malaysia post MFRS adoption period. The corresponding t-value that enabled this study to carry out the tests for the effect of EPS and BVS on price per share for the Malaysia post MFRS adoption age is given below:

EPS: t= 14.74860/2.682413= 5.498260

BVS: t = -10.99157/4.169252= -2.636342

The p-value is individually given by:

p-value = P ($t_{(27)} > 5.498260$) + P($t_{(27)} < - 5.498260$) = 2 x P($t_{(27)} < - 5.498260$) = 0.0001

p-value = P ($t_{(27)} > -2.636342$) + P($t_{(27)} < -2.636342$) = 2 x P($t_{(27)} < -2.636342$) = 0.0205

The p-value information giving is adequate for rejecting or not rejecting H_0. For both cases, i.e. EPS and BVS significant empirical statistical evidences abound for this study to reject H0: $\beta 2 = 0$ and H0: $\beta 3 = 0$ at a 5% significance level because the respective p-values of 0.0001and 0.0205 are lower than 0.05. To make a decision about H0 by comparing respectively the calculated values t = 5.498260 and t = -2.636342 to a 5% critical value, this study also reject H0: $\beta 2 = 0$ because calculated t value of t = 5.498260 is greater than 2.052 at 5% critical value but however do not reject H0: $\beta 3 = 0$ because calculated t value of t = -2.636342 is less than 2.052 at 5% critical value. Thus, while the independent variable - EPS indicate significant effect on the dependent variable – price per share during the post MFRS adoption in era in Malaysia, BVS indicate no effect on the dependent variable.

3.7. Nigeria Sample Price Regression Analysis

3.7.1. Pre Adoption Period

The Nigeria pre IFRS adoption period price least squares estimation output indicate a positive coefficient on the EPS and a negative coefficient on the BVS. This suggests a positive but not reasonably significant relationship between EPS and price per share and a significant negative relationship between price per share and BVS. The overall adequacy of the model measured using the R^2 and adjusted R^2 as evidenced in the least squares estimation output given below is relatively low. The R^2 is about 1.05% while the adjusted R^2 is negative with a value of -7.55%. Additional details to corroborate the association between price per share, EPS and BVS are provided in the price least square estimation output below.

Nigeria Pre IFRS Adoption period Price Least Squares Estimation Output
Dependent Variable: PRICE
Method: Least Squares
Date: 06/01/14 Time: 23:32
Sample: 1 26
Included observations: 26

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	14687.08	196269.2	0.074831	0.9410
EPS	0.115028	0.234248	0.491055	0.6280
BVS	-29359.00	392537.7	-0.074793	0.9410
R-squared	0.010536	Mean dependent var		7.552692
Adjusted R-squared	-0.075504	S.D. dependent var		5.141000
S.E. of regression	5.331552	Akaike info criterion		6.293329
Sum squared resid	653.7853	Schwarz criterion		6.438494
Log likelihood	-78.81327	Hannan-Quinn criter.		6.335131
F-statistic	0.122457	Durbin-Watson stat		1.159533
Prob(F-statistic)	0.885317			

Parallel to the Malaysia sample, two-tail tests of significance for the effect of EPS and the BVS are also performed for the Nigeria sample. Considering the test for the effect of EPS and BVS on price per share for the Nigeria pre IFRS adoption period, the t-value respectively is given by:

EPS: t= 0.115028/0.234248= 0.491055

BVS: t = -29359.00/392537.7= -0.074793

The p-value is respectively given by:

p-value = P ($t_{(27)} > 0.491055$) + P($t_{(27)} < - 0.491055$) = 2 x P($t_{(27)} < - 0.491055$) = 0.6280

p-value = P ($t_{(27)} > -0.074793$) + P($t_{(27)} < -0.074793$) = 2 x P($t_{(27)} < -0.074793$) = 0.9410

Knowing the p-value is sufficient information for rejecting or not rejecting H_0. For both cases, i.e. EPS and BVS this study do not reject H0: $\beta 2 = 0$ and H0: $\beta 3 = 0$ at a 5% significance level because the respective p-values of 0.6280 and 0.9410 are greater than 0.05. To make a decision about H_0 by comparing respectively the calculated values t = 0.491055 and t = -0.074793 to a 5% critical value, this study equally do not reject H0: $\beta 2 = 0$ and H0: $\beta 3 = 0$ because corresponding calculated t value of t = 0.491055 and t = -0.074793are less than 2.052 at 5% critical value. Hence the independent variables - EPS and BVS indicate no effect on the dependent variable – price per share during the pre IFRS adoption in Nigeria.

3.7.2. Post Adoption Period

Similarly the Nigeria post IFRS adoption period price least squares estimation output also shows a positive coefficient on the EPS and a negative coefficient on the BVS. However, the coefficient of 0.323100 on the EPS is higher and more statistically significant for the post adoption period than it was for the pre adoption era. It therefore means that there exist a reasonable significant positive association between EPS and price per share and a significant negative link between price per share and BVS during the post adoption period. The overall adequacy of the model measured using the R^2 and adjusted R^2 as shown in the least squares estimation output given below is better than what was reported for the pre adoption period. The R^2 is about 4.96% while the adjusted R^2 is negative with a value of -3.3%. Additional details to validate the association between price per share, EPS and BVS are provided in the price least square estimation output below.

Nigeria Post IFRS Adoption period Price Least Squares Estimation Output
Dependent Variable: PRICE
Method: Least Squares
Date: 06/02/14 Time: 00:19
Sample: 1 26
Included observations: 26

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	173040.8	229026.3	0.755550	0.4576
EPS	0.323100	0.401468	0.804796	0.4292
BVS	-346068.0	458051.8	-0.755522	0.4576
R-squared	0.049614	Mean dependent var		6.573846
Adjusted R-squared	-0.033029	S.D. dependent var		6.122713
S.E. of regression	6.223004	Akaike info criterion		6.602549
Sum squared resid	890.6928	Schwarz criterion		6.747714
Log likelihood	-82.83314	Hannan-Quinn criter.		6.644352
F-statistic	0.600342	Durbin-Watson stat		1.468212
Prob(F-statistic)	0.556996			

Consistent with tests ran for Malaysia sample irrespective of reporting periods and Nigeria pre IFRS adoption period using the price regression model, this study equally ran a two-tail tests of significance for the effect of EPS and the BVS for the Nigeria post MFRS adoption period. In order to perform the tests for the effect of EPS and BVS on price per share for the Nigeria post IFRS adoption period, the t-value respectively is given by:

EPS: t= 0.323100/0.401468= 0.804796

BVS: t = -346068.0/458051.8= -0.755522

The p-value is respectively given by:

p-value = P ($t_{(27)}$ > 0.804796) + P($t_{(27)}$ < - 0.804796) = 2 x P($t_{(27)}$ < - 0.804796) = 0.4292

p-value = P ($t_{(27)}$ > -0.755522) + P($t_{(27)}$ < -0.755522) = 2 x P($t_{(27)}$ < -0.755522) = 0.4576

The p-value information giving is adequate for rejecting or not rejecting H_0. For both cases, i.e. EPS and BVS this study do not reject H0: $\beta 2 = 0$ and H0: $\beta 3 = 0$ at a 5% significance level because the respective p-values of 0.4292 and 0.4576 are greater than 0.05. Furthermore, in order to make a judgement about H_0 by equating respectively the calculated values t = 0.804796 and t = -0.755522 to a 5% critical value, this study equally do not reject H0: $\beta 2 = 0$ and H0: $\beta 3 = 0$ because calculated t value of t = 0.804796 and t = -0.755522 are less than 2.052 at 5% critical value. Hence the independent variables - EPS and BVS also show no effect on the dependent variable – price per share during the post IFRS adoption period in Nigeria.

3.8.Malaysia Sample Return Regression Analysis

3.8.1. Pre Adoption Period

Starting with Malaysia pre MFRS adoption period in the context of return least squares estimation output, it is evidenced that the Malaysia pre adoption period is associated with significant negative coefficient on the accounting rate of return (ARR). The numerical and observed significant coefficient of -0.065093 on the ARR signifies the presence of rational sizable adverse link between EPS and ARR during the Malaysia pre MFRS adoption period. Similarly, the R^2 and adjusted R^2 as generated by the least squares estimation output is relatively weak. The R^2 is about 0.71% while the adjusted R^2 is -6.38%. Accompanying actualities about the association between EPS and ARR for the Malaysia pre adoption era are revealed in the price least square estimation output below.

Malaysia Pre MFRS Adoption period Return Least Squares Estimation Output

Dependent Variable: EPS
Method: Least Squares
Date: 05/31/14 Time: 01:07
Sample: 1 16
Included observations: 16

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.486541	0.113352	4.292316	0.0007
ARR	-0.065093	0.205412	-0.316892	0.7560
R-squared	0.007122	Mean dependent var		0.456200
Adjusted R-squared	-0.063798	S.D. dependent var		0.235302
S.E. of regression	0.242691	Akaike info criterion		0.122417

Continue

Sum squared resid	0.824588	Schwarz criterion	0.218990
Log likelihood	1.020666	Hannan-Quinn criter.	0.127362
F-statistic	0.100421	Durbin-Watson stat	1.733987
Prob(F-statistic)	0.756001		

In order to substantiate our results with further statistical proofs, this study consistent with tests ran for price regression models for both samples and reporting periods also performed a two-tail tests of significance for the effect of ARR as the independent variable on EPS as the dependent variable for both samples and reporting regimes. Hence in the setting of the Malaysia pre MFRS adoption period, the t-value that assisted this study to carry out the tests for the effect of ARR on EPS for the Malaysia pre MFRS adoption time is given below:

ARR: t= -0.065093/0.205412= -0.316892

The p-value is individually given by:

p-value = P ($t_{(27)}$ > -0.316892) + P($t_{(27)}$ < -0.316892) = 2 x P($t_{(27)}$ < -0.316892) = 0.7560

As usual, the p-value information giving is adequate for rejecting or not rejecting H_0. . For ARR, this study does not reject H0: $\beta 2 = 0$ at a 5% significance level because the p-values of 0.7560 is greater than 0.05. To make a decision about H0 by comparing the calculated values t = -0.316892 to a 5% critical value, this study also does not reject H0: $\beta 2 = 0$ because calculated t value of t = -0.316892 is less than 2.052 at 5% critical value. Thus, this test evidenced that the independent variable - ARR indicate no effect on the dependent variable – EPS during the pre MFRS adoption period in Malaysia.

3.8.2. Post Adoption Period

The Malaysia post MFRS adoption period return least squares estimation output, however, showed that the Malaysia post adoption period exhibit significant positive coefficient on the ARR. The significant positive coefficient of 1.102184 on the ARR means EPS is positively and more significantly associated with ARR during the Malaysia post MFRS adoption period contrary to the negative association evidenced during the pre-adoption era. Similarly, the R^2 and adjusted R^2 as generated by the least squares estimation output got significantly improved consequent upon adoption of MFRS. The post MFRS adoption period R^2 of 36.7% and the adjusted R^2 of 32.2% stood in great contrast with the corresponding values of 0.71% and -6.38%. Added realities about the link between EPS and ARR for the Malaysia post adoption era are shown in the price least square estimation output below.

Malaysia Post MFRS Adoption period Return Least Squares Estimation Output
Dependent Variable: EPS
Method: Least Squares
Date: 05/31/14 Time: 01:11
Sample: 1 16
Included observations: 16

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.542648	0.062119	8.735683	0.0000
ARR	1.102184	0.386789	2.849572	0.0129
R-squared	0.367090	Mean dependent var		0.622869
Adjusted R-squared	0.321883	S.D. dependent var		0.268972
S.E. of regression	0.221493	Akaike info criterion		-0.060381
Sum squared resid	0.686829	Schwarz criterion		0.036192
Log likelihood	2.483051	Hannan-Quinn criter.		-0.055436
F-statistic	8.120063	Durbin-Watson stat		1.014357
Prob(F-statistic)	0.012861			

This study also performed two-tail tests of significance for the effect of ARR on EPS for the Malaysia post MFRS adoption period. Consequently, the t-value that supported this study to carry out the tests for the effect of ARR on EPS for the Malaysia post MFRS adoption period is shown below:

ARR: t= 1.102184/0.386789= 2.849572

The p-value is individually given by:

p-value = P ($t_{(27)}$ > 2.849572) + P($t_{(27)}$ < -2.849572) = 2 x P($t_{(27)}$ < -2.849572) = 0.0129

Normally, the p-value information shown is sufficient for rejecting or not rejecting H_0. For Malaysia post adoption ARR, this study does reject H0: $\beta 2 = 0$ at a 5% significance level because the p-values of 0.0129 is less than 0.05. To make a decision about H0 by linking the calculated t value of 2.849572 with the 5% critical value, this study also does reject H0: $\beta 2 = 0$ because calculated t value of t = 2.849572 is higher than 2.052 at 5% critical value. Thus, this test suggests that the ARR showed effect on the post Malaysia MFRS adoption EPS.

3.9. Nigeria Sample Return Regression Analysis

3.9.1. Pre Adoption Period

This study equally estimate return least squares regression for Nigeria pre and post adoption periods. Beginning with the Nigeria pre IFRS adoption period, the return least squares estimation output showed that the Nigeria pre adoption period display significant positive coefficient on the ARR. The significant positive coefficient of 3.364981 on the ARR statistically demonstrates that EPS is positively and highly significantly related with ARR for the Nigeria pre IFRS adoption period. Similarly, the R^2 and adjusted R^2 as generated by the least squares estimation output is significantly relevant during the Nigeria pre IFRS adoption period. The observed R^2 is 8.6% and the adjusted R^2 is 4.8%. More truths about the connection between EPS and ARR for the Nigeria pre adoption period are shown in the price least square estimation output below.

Nigeria Pre IFRS Adoption period Return Least Squares Estimation Output
Dependent Variable: EPS
Method: Least Squares
Date: 05/31/14 Time: 01:03
Sample: 1 26
Included observations: 26

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.191314	0.885902	0.215954	0.8308
ARR	3.364981	2.235445	1.505285	0.1453
R-squared	0.086267	Mean dependent var		-0.050000
Adjusted R-squared	0.048195	S.D. dependent var		4.553744
S.E. of regression	4.442655	Akaike info criterion		5.894185
Sum squared resid	473.6925	Schwarz criterion		5.990962
Log likelihood	-74.62440	Hannan-Quinn criter.		5.922053
F-statistic	2.265882	Durbin-Watson stat		2.605625
Prob(F-statistic)	0.145299			

In order to provide additional evidence as to whether the independent variable ARR show effect or not on the dependent variable EPS for the Nigeria pre IFRS adoption age, this study also execute two-tail tests of significance for the effect of ARR on EPS. The Nigeria pre IFRS adoption period t-value that backed this study to carry out the tests for the effect of ARR on EPS is shown below:

ARR: t= 3.364981/2.235445= 1.505285

The p-value is individually given by:

p-value = P ($t_{(27)} > 1.505285$) + P($t_{(27)} < -1.505285$) = 2 x P($t_{(27)} < -1.505285$) = 0.1453

The p-value information of 0.1453 is enough for rejecting or not rejecting H_0. For Nigeria pre adoption ARR, this study does not reject H0: $\beta 2 = 0$ at a 5% significance level because the p-values of 0.1453 is higher than 0.05. To make a decision about H0 by relating the calculated t value of 1.505285 with the 5% critical value, this study also does not reject H0: $\beta 2 = 0$ because calculated t value of t = 1.505285 is lower than 2.052 at 5% critical value. Thus, this results put forward that the ARR showed no effect on the pre Nigeria IFRS adoption EPS.

3.9.2. Post Adoption Period

Finally in the context of estimating least squares regressions of both models for Malaysia and Nigeria samples, this study estimate return least squares regression for Nigeria post adoption period. The return least squares estimation output showed that the Nigeria post adoption period exhibit significant negative coefficient on the ARR. The momentous negative coefficient of -1.036281on the ARR statistically

validates that EPS is adversely correlated with ARR for the Nigeria post IFRS adoption period. Corroborating the above result, the R^2 and adjusted R^2 as generated by the least squares estimation output got weaken for the Nigeria post IFRS adoption period in comparison with the corresponding value during the pre-adoption era. The observed R^2 is 4.9% in contrast to 8.6% for the pre adoption period and the adjusted R^2 is 0.98% as against 4.8% recorded in respect of the pre adoption era of Nigeria sample. More facts about the link between EPS and ARR for the Nigeria post adoption period are exposed in the price least square estimation output below.

Nigeria Post IFRS Adoption period Return Least Squares Estimation Output
Dependent Variable: EPS
Method: Least Squares
Date: 05/31/14 Time: 00:56
Sample: 1 26
Included observations: 26

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.325106	0.608762	0.534045	0.5982
ARR	-1.036281	0.927942	-1.116752	0.2752
R-squared	0.049397	Mean dependent var		0.250327
Adjusted R-squared	0.009789	S.D. dependent var		3.100464
S.E. of regression	3.085252	Akaike info criterion		5.164947
Sum squared resid	228.4507	Schwarz criterion		5.261724
Log likelihood	-65.14431	Hannan-Quinn criter.		5.192815
F-statistic	1.247135	Durbin-Watson stat		2.036320
Prob(F-statistic)	0.275156			

In order to make available additional evidence as to whether ARR express effect or not on the EPS for the Nigeria post IFRS adoption period, this study also perform two-tail tests of significance for the effect of ARR on EPS. The Nigeria post IFRS adoption period t-value that supported this study to carry out the tests for the effect of ARR on EPS is shown below:

ARR: t= -1.036281/0.927942= -1.116752

The p-value is individually given by:

p-value = P ($t_{(27)}$ > -1.116752) + P($t_{(27)}$ < -1.116752) = 2 x P($t_{(27)}$ < -1.116752) = 0.2752

The p-value information of 0.1453 is enough for rejecting or not rejecting H_0. Similar to Nigeria pre adoption ARR, this study does not reject H0: $\beta 2 = 0$ at a 5% significance level because the p-values of 0.2752 is higher than 0.05. To further make a decision about H0 by relating the calculated t value of -1.116752 with the 5% critical value, this study also does not reject H0: $\beta 2 = 0$ because calculated t value of t = -1.116752 is lower than 2.052 at 5% critical value. Thus, this results also put forward that the ARR showed no effect on the post Nigeria IFRS adoption EPS.

3.10.Price and Return Models Variables Correlation Matrix

To further investigate the statistical nature and extent of the relationship that exists between the dependent and independent variables for the different reporting regimes and samples in the context of the models used for this study, the following correlation matrix provides additional insight.

3.10.1. Malaysia Sample Price Model Variables Correlation Matrix

The table below provides the pre and post MFRS adoption correlation Matrix for the dependent variable (PRICE) and the two predictor variables (EPS and BVS). Three important points can be gleaned from this matrix. First the correlation between the dependent variable PRICE and independent variables EPS and BVS are statistically healthier and positively significant post MFRS adoption. Second, this study notices that the Malaysia post adoption period EPS exhibits the strongest correlation (0.734947) with PRICE. Finally, albeit there exist negative collinearity between BVS and PRICE for the pre MFRS adoption period, consequent upon MFRS adoption the correlation between the two variables became significantly positive

Table-3. Malaysia Pre and Post MFRS Adoption Price Model Variables Correlation Matrix

Pre MFRS Adoption Period				**Post MFRS Adoption**			
	PRICE	EPS	BVS		PRICE	EPS	BVS
PRICE	1.000000	0.614384	-0.024825	PRICE	1.000000	0.734947	0.059433
EPS	0.614384	1.000000	0.430124	EPS	0.734947	1.000000	0.539437
BVS	-0.024825	0.430124	1.000000	BVS	0.059433	0.539437	1.000000

3.10.2. Malaysia Sample Return Model Variables Correlation Matrix

Equally validating established statistical evidences that the Malaysia post MFRS adoption regime is associated with higher value relevant accounting information for Malaysia banks, the return model variables correlation matrix produced below evidenced that while there exist a significant negative correlation between ARR and EPS for the pre MFRS adoption period for Malaysia banks, pre MFRS adoption era conversely featured a significant positive association between the two variables.

Table-4. Malaysia Pre and Post MFRS Adoption Return Model Variables Correlation Matrix

Pre MFRS Adoption Period			**Post MFRS Adoption Period**		
	ARR	EPS		ARR	EPS
ARR	1.000000	-0.084391	ARR	1.000000	0.605880
EPS	-0.084391	1.000000	EPS	0.605880	1.000000

3.10.3. Nigeria Sample Price Model Variables Correlation Matrix

The table below also provides the Nigeria pre and post IFRS adoption correlation matrix for PRICE EPS and BVS. Three imperative facts can also be gathered from this matrix. First there exist negative correlations between BVS and PRICE and a significant positive association between PRICE and EPS respectively for both reporting regimes. Second, this study also notices that the Nigeria post adoption period EPS exhibits the strongest correlation (0.161329) with PRICE. Finally, the results of the correlation matrix are mixed. While the link between EPS and PRICE got improved post adoption, the respective tie between BVS and PRICE and EPS and BVS declined post IFRS adoption.

Table-5. Nigeria Pre and Post MFRS Adoption Price Model Variables Correlation Matrix

Pre MFRS Adoption Period				**Post MFRS Adoption**			
	PRICE	EPS	BVS		PRICE	EPS	BVS
PRICE	1.000000	0.101467	-0.012752	PRICE	1.000000	0.161329	-0.151162
EPS	0.101467	1.000000	0.027152	EPS	0.161329	1.000000	0.014876
BVS	-0.012752	0.027152	1.000000	BVS	-0.151162	0.014876	1.000000

Minutely, the Nigeria pre and post IFRS adoption return model variables correlation matrix evidenced that the association between the dependent variable –EPS and independent variable ARR got significantly worsened subsequent to IFRS adoption.

Table-6. Nigeria Pre and Post IFRS Adoption Return Model Variables Correlation Matrix

Pre MFRS Adoption Period			**Post MFRS Adoption Period**		
	EPS	ARR		EPS	ARR
EPS	1.000000	0.293713	EPS	1.000000	-0.222255
ARR	0.293713	1.000000	ARR	-0.222255	1.000000

3.11.Interpretation of Results

3.11.1. The Malaysia Sample Results

The design of the Ohlson (1995) and Easton and Harris (1991) models yield the same results for the Malaysia sample. Indicators from the price model founded on the interpretations of Ohlson (1995) confirm that financial statement information of Malaysia banks post MFRS adoption period is associated with higher value relevance that the pre MFRS adoption financial statement information. This is mirrored by the post MFRS adoption respective higher R^2 and adjusted R^2 of 70% and 65% compared to the corresponding pre MFRS adoption R^2 of 48% and adjusted R^2 of 40%. Furthermore validating the above results, the post MFRS adoption coefficient of EPS of 14.749 is about 45% higher than the pre MFRS

adoption EPS coefficient of 10.139. The above percentage increment in EPS coefficient validates the results of Onalo, Onalo *et al.* (2014) who established using the modified Jones model that the adoption of MFRS by Malaysia banks for the same reporting period considered in this study led to an improvement if about 41% in earnings quality. Similarly, the Ohlson (1995) model tests of significance did uphold the above analysis principally in the context of EPS, confirming that the Malaysia post MFRS adoption period is associated with higher value relevance of financial statement information of Malaysia banks. The price model tests of significance investigated whether or not the independent variables – EPS and BVS exhibit effects or no effect on the dependent variable – price. The result of this test suggests that EPS indicate effect on the dependent price per share for both pre and post MFRS adoption in Malaysia. However, evidences show that BVS have no effect on price per share for both reporting periods for Malaysia banks.

Likewise, the return model consistent with Easton and Harris (1991) overall numerical outcomes tends towards the same path validating evidences that the Malaysia post MFRS adoption period is associated with higher value relevance of accounting numbers compared to the corresponding pre MFRS adoption period. Specifically, higher respective post MFRS adoption R^2 and adjusted R^2 of 36.7% and 32.2% compared to the corresponding but weak pre MFRS adoption R^2 and adjusted R^2 of 0.71% and -6.5% is in no doubt supportive of the above assertion. The coefficient on the ARR similarly confirms the above-mentioned conclusions. The post MFRS adoption exhibit a higher coefficient of 1.102 against the pre MFRS adoption ARR negative coefficient of -0.0651. The variances in ARR pre and post MFRS adoption coefficients implies that while the post MFRS adoption ARR is positively and significantly associated with EPS, the pre MFRS adoption ARR indicate a significant adverse link with EPS. Also, the results of test of significance for both Malaysia pre and post MFRS adoption periods also put forward that the ARR showed no effect on the EPS for the pre MFRS adoption period but evidenced effect for the post MFRS adoption period. On the whole, the overall statistical results of both the price and return models as summarized in tables 7, 8 and 9 below demonstrate that post MFRS adoption financial statement information of Malaysia banks is more value relevant than the corresponding pre MFRS adoption financial statement information of the same sample. In other words, MFRS adoption has positively enhanced and improved the value relevance of accounting information of Malaysia banks.

Table-7. Malaysia Sample Price and Return Summary of R2 and Adjusted R2 Results

	R2 and Adjusted R2 of the Price and Return Pre Adoption Era				R^2 and Adjusted R^2 of the Price and Return Post Adoption Era			
	Price R^2	Price Adj R^2	Return R^2	Return Adj R^2	Price R^2	Price Adj R^2	Return R^2	Return Adj R^2
Malaysia	48%	40%	0.71%	-6.38%	70%	65%	36.7%	32.2%

Table-8. Malaysia Sample Pre and Post IFRS Adoption Coefficients on the Price Regression Model

	Pre Adoption Era		**Post Adoption Era**	
	EPS Coefficient	BVS Coefficient	EPS Coefficient	BVS Coefficient
Malaysia	10.14	-6.45	14.75	-10.99

Table-9. Malaysia Sample Pre and Post IFRS Adoption Coefficients on the Return Regression Model

	Pre Adoption ARR Coefficient	**Post Adoption ARR Coefficient**
Malaysia	-0.0651	1.102

3.11.2. The Nigeria Sample Results

The specification of the Ohlson (1995) model produce mixed statistical results for the Nigeria sample. First, some statistics from the price model based on the formulations of Ohlson (1995) evidence that the accounting information for the Nigeria bank post adoption period is associated with higher value relevance than the pre adoption accounting numbers. This is reflected by the post adoption respective higher R^2 and adjusted R^2 of 5% and -3.3% compared to R^2 of 1.05% and adjusted R^2 of -7.6% for the pre adoption period. In addition the post adoption coefficient of EPS of 0.323 is about 100% higher than the pre adoption EPS coefficient of 0.115. However, the Ohlson (1995) model tests of significance did not corroborate the above analysis particularly, validating evidences that the Nigeria post IFRS adoption period is associated with higher value relevance of financial statement information for Nigeria banks. The price model tests of significance investigated whether or not the independent variables – EPS and BVS

exhibit effects or no effect on the dependent variable – price. The result of this test suggests that the independent variables - EPS and BVS indicate no effect on the dependent variable – price per share during the pre IFRS adoption in Nigeria. The results of EPS and BVS also showing no effect on price per share during the post IFRS adoption period in Nigeria was equally evidenced from the price model tests of significance.

In the same vein, the return model consistent with Easton and Harris (1991) overall statistical results tends towards the same direction authenticating assertions that the Nigeria pre IFRS adoption period is associated with higher value relevance of accounting numbers compared to the corresponding post IFRS adoption period. Particularly, higher respective pre adoption R^2 and adjusted R^2 of 8.6% and 4.8% compared to the respective post adoption R^2 and adjusted R^2 of 4.9% and 0.99% is in no doubt supportive of the above assertion. The coefficient on the ARR equally validates the aforementioned outcomes. The pre IFRS adoption exhibit a higher coefficient of 3.365 against the post IFRS adoption ARR negative coefficient of -1.036. The differences in ARR pre and post IFRS adoption coefficients implies that while the pre adoption ARR is positively and significantly associated with EPS, the post IFRS adoption ARR indicate a significant adverse link with EPS. Similarly, the results of test of significance for both Nigeria pre and post IFRS adoption periods also put forward that the ARR showed no effect on the EPS. Tables 10, 11 and 12 below summarises respectively statistics that support this study to come to the overall conclusion that pre adoption financial statement information of Nigeria banks is more value relevant than the post IFRS adoption financial statement information of the same sample.

Table-10. Nigeria Sample Price and Return Summary of R2 and Adjusted R2 Results

	R2 and Adjusted R2 of the Price and Return Pre Adoption Era				R^2 and Adjusted R^2 of the Price and Return Post Adoption Era			
	Price R^2	Price Adj R^2	Return R^2	Return Adj R^2	Price R^2	Price Adj R^2	Return R^2	Return Adj R^2
Nigeria	1.05%	-7.55%	8.6%	4.8%	5%	-3.3%	4.9%	0.98%

Table-11. Nigeria Sample Pre and Post IFRS Adoption Coefficients on the Price Regression Model

	Pre Adoption Era		**Post Adoption Era**	
	EPS Coefficient	BVS Coefficient	EPS Coefficient	BVS Coefficient
Nigeria	0.115	-29359	0.323	-346068

Table-12. Nigeria Sample Pre and Post IFRS Adoption Coefficients on the Return Regression Model

	Pre Adoption ARR Coefficient	**Post Adoption ARR Coefficient**
Nigeria	3.365	-1.0362

It is worth mentioning at this point that for both Malaysia and Nigeria samples, the coefficients on BVS in the price model suggests that the BVS is more value relevant prior to IFRS/MFRS adoption than post adoption. Malaysia banks exhibit a higher pre adoption BVS coefficient of -6.454 against -10.99 recorded during the post MFRS adoption period. Similarly, Nigeria pre IFRS adoption BVS coefficient of -29359 is higher than the post IFRS adoption corresponding value of -346068. This result is consistent with Kousenidis *et al.* (2010) and Chalmers *et al.* (2011) who evidences that IFRS adoption reduces the incremental information content of book values of equity for stock prices but however increases earnings' incremental information content.

3.12. The Nigerian Situation: What could be Responsible?

Overall, Malaysia post MFRS adoption period is associated with higher value relevance of accounting information of financial statement information. However, the impact of IFRS in enhancing the value relevance of Nigeria banks financial statement information using both the price and return models evidenced mixed results. While the price model partially validates that Nigeria post IFRS adoption period is characterised with higher value relevant financial statement information for banks if compared to the pre IFRS adoption period, the return model totally discard the assertion of either relative or wholesome association between IFRS adoption and value relevance. In addition a cross country over view suggest that the financial statement information of Malaysia banks is more value relevant after MFRS adoption than the value relevance of Nigeria banks post IFRS financial statement information. These results were unexpected given the evidences from extant studies that the variance between IFRS and Nigeria previous

local standards is significantly higher than the difference between IFRS and Malaysia previous accounting standards. In short some of the Malaysia accounting standards was adopted and cherry picked from IFRS (Onalo *et al.*, 2014) (KPMG, 2011). However, Nigeria previous accounting standards mirror great dissimilarities with IFRS (Ikpefan and Akande, 2012). Accordingly, Ashbaugh and Pincus (2013) in Etty (2005) logically showed that differences in different country accounting standards relative to IFRS and earning forecast errors of analysts are positively related. This means that the smaller the differences between national accounting standards and IFRSs, the smaller the earnings forecast errors and the opposite holding true for a larger difference. Thus, this study expected that the impact of IFRS adoption on the value relevance of financial statement information of Nigeria banks be more significant and relevant than its impact on the financial statement information of Malaysia banks.

The contradictory results of the price and return model relating to the impact of IFRS adoption on the financial statement information of Nigeria banks including evidences that the impact of IFRS-based standards is more significant on Malaysia banks than their Nigeria counterparts stimulates a major concern investigationally. Also, the higher significant impact of the adoption of IFRS/MFRS on the financial statement information of Malaysia banks compared to its impact on the value relevance of financial statement information of Nigeria banks represent an anomaly result. This is in view of evidences that the Nigeria previous accounting standards were judged incomplete in ensuring the preparation of transparent financial reports (Akindele, 2012). NDIC a major regulatory and supervisory agency of banks in Nigeria affirmed that many Nigeria banks previously reporting under the SAS have adopted inconsistent accounting policies and reporting practices which make the assessment and comparison of their performances very difficult. In addition extant studies have revealed that the Nigeria banks engage in more earnings management during the pre-adoption era than the post and on the whole for both pre and post adoption periods than Malaysia banks Onalo *et al.* (2014). Consequently, logically and consistent with prior studies that establish inverse relationship between earnings management and value relevance of financial statement information, we expected that IFRS will impact more significantly on the value relevance of financial statement information of Nigeria banks than it would impact on the value relevance of accounting information of Malaysia banks. This is because consistent with Tan *et al.* (2011) firms in countries where local GAAP differ more from IFRS prior to IFRS adoption will receive greater benefits than firms from countries where local GAAP are already close to IFRS. Zeghal *et al.* (2012) demonstrated that though there has been some improvement in accounting quality between the pre- and post-IFRS adoption periods, the improvement is more pronounced for the firms in countries where the distance between the pre-existing national GAAP and IFRS is important. The above contradictory results pose some logical questions among which are: is the Nigeria SAS of higher quality than the Malaysia previous FRS/IFRS? Could pronouncement by Nigeria regulatory and supervisory agencies about the low quality of Nigeria SAS be false? Could findings from previous studies evidencing higher earnings management in the pre adoption period for Nigeria banks than for Malaysia banks be erroneous? Does the assertion of previous studies establishing an inverse relationship between earnings management and value relevance of accounting information calls for another empirical revalidation? On the whole, the above aggregated questions further prompted the researchers to further perform a diagnosis of the reasons for the deviation from normal.

A further investigation into these quite unexpected results, evidence that the high value relevance of accounting information for Nigeria pre adoption period was not due to the fact that former Nigeria SAS is of higher quality than the IFRSs. It was however discovered that the Nigeria pre adoption era (2007-2010) was characterised with the capital market game system where managers of Nigeria banks particularly sought and employed the scheme to bribe stockholders to help them artificially raise the prices of their banks' stock. Sanusi the Central Bank of Nigeria Governor categorically established that during the Nigeria pre adoption era some Nigeria senior bank officials faced charges that included fraud, lending to fake companies, giving loans to companies they had a personal interest in and conspiring with stockbrokers to boost share prices. Elegbe (2013) also asserts that Nigeria banks do not only manipulate their financial report but also manipulate their stock prices through liaising with one another. Elegbe (2013) further established that depositor's funds were subsequently erased due to fall of the capital market and trillions of Naira was lost. These managers instructed some agent and stockbrokers to purchase their banks' shares in return for a secret kickback of the sale price. They instructed their agents and broker as to the price they should pay for the stock and that the brokers should pay though gradually higher prices for the shares they bought. However, the managers of banks directed the agents and brokers that they should refrain from selling the shares they purchased for some period. Therefore by preventing sales of banks' stocks, banks managers' intention was to maintain the fraudulently inflated share price for their

banks' stock. The flagrant market manipulation engaged in by Nigeria banks' managers' was designed to make the banks managers' rich and artificially enhances the value of their banks thereby placing investors at risk. In order to provide an in-depth insight into the magnitude of share or stock prices manipulations by Nigeria banks executives, the tables below present the descriptive statistics of Malaysia and Nigeria banks stock prices for periods 2006 to 2012 including their respective percentage in change in share value for the same period.

Table-13. Descriptive Statistics of Nigeria Banks Stock Prices for Period 2006-2012

		Pre	**Adoption**	**Period**		**Post**	**Adoption Period**
Statistic	2006	2007	2008	2009	2010	2011	2012
Mean	12.796	26.363	10.773	7.306	7.772	5.485	7.662
Median	7.13	19.98	10.9	7.4	7.5	4.18	4.94
Max.	33.5	50.15	22	15.5	17.76	14.25	23
Min.	2.15	7.28	2.42	0.84	1.2	0.55	0.5
Std. Dev.	10.565	15.3	6.403	5.081	5.388	4.791	7.251

Table-14. Descriptive Statistics of Malaysia Banks Stock Prices for Period 2006-2012

		Pre	**Adoption**	**Period**		**Post**	**Adoption Period**
Statistic	2006	2007	2008	2009	2010	2011	2012
Mean	3.648	5.675	3.473	5.86	8.525	7.46	7.66
Median	7.13	19.98	10.9	7.4	7.5	4.18	4.94
Max.	7.984	10.396	8.364	11.3	13.02	13.38	16.28
Min.	1.92	2.59	1.52	2.52	3.04	3.08	3.44
Std. Dev.	2.263	2.591	2.22	2.865	3.3	3.418	4.576

Table-15. Percentage (%) Change in Stock Values of Malaysia and Nigeria Banks for Period 2006-2012

Country	**2006-2007**	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**	**2011-2012**
Nigeria	106%	(145%)	(48%)	6.4%	(41.7%)	39.7%
Malaysia	27.5%	(48.5%)	57.7%	27.8%	(0.65%)	15.58%

The conspiracy to inflate the price of Nigeria banks shares artificially was started in 2006 but fully noticed in 2007. In 2007 Nigeria banks share prices were averagely jacked up through collaborative fraudulent manipulative effort by over 106%. Nigeria banks average stock price in 2006 was N12.796 but was skyrocketed to N26.363 in 2007. Similarly, banks stock price median score in 2006 was N7.13 against 2007 value of N19.98. To corroborate the above evidence further, the minimum banks stock price in 2006 is N2.15 while the maximum score was N33.5. The respective corresponding values in 2007 signifying a wide difference are N7.28 and N50.15. However, in 2008 a year later, the banks share prices experienced a crash evidenced by a drastic decline of an average of about 145%. Investors generally witnessed undeserved losses on their investments. Stock value that averagely stood at N26.363 in 2007 was written down in loss to an average of N10.773, representing about 150% loss in value of banks share value. While the respective minimum and maximum stock prices in 2007 as earlier mentioned were N7.28 and N50.15, the corresponding respective figures in 2008 having adjusted for losses were N2.42 and N22. The losses experienced by investors continued as 2009 evidenced an additional loss of about 48% in comparison with 2008 stock performance figures. 2010 witnessed a slight increase in banks share prices of just about 6.48% which was overtaken by another version of heavy loss or decline in stock value of about 41.7% in 2011. 2012 fiscal year however evidenced that Nigeria banks share have started picking up in value of about 39.7% compared to what was recorded in 2011. The above confirms that the Nigeria pre IFRS adoption period was markedly branded with banks securities fraud.

The above results are in contrast to figures relating to Malaysia banks stock prices. The stock prices of Malaysia banks shares reflects normal growth trend. 2007 witnessed an increase in Malaysia stock average price of about RM27.5. A decline of about RM48.5 was recorded in 2008 followed by a reasonable increase of about RM57 in 2009. With the exception of an insignificant decline of the average stock price of Malaysia banks in 2011, the increase in value continued and was noticed until 2012. This is also noticed in the consistent but averagely distributed standard deviation of Malaysia stock prices which are dissimilar to the outrageous variances of Nigeria stock prices standard deviation values.

The above analysis showed that banks managers' conspiracy with stockbrokers and agents to fraudulently manipulate the value of their banks stock and resulting into artificial propping up of the value of such stock was deceptive backed up with a scheme that stood to enrich the managers themselves at the expense of the investing public. The pre adoption conspiracy to inflate the prices of Nigeria banks shares artificially resulted in unjust undeserved losses for investors in the post adoption era as evidenced in the above analysis. Share prices degenerated almost by more than 300%. This situation corroborates the affirmation of Assistant Director-in-Charge Janice (2012) of the FBI in New York in the case of CEO of Axius Inc. and Finance Professional indictment for alleged roles in scheme to bribe stock brokers and manipulate stock prices that "Market-driven fluctuations in share prices are risks investors have to accept.

It is worthy to mention at this point that conspiracy to bribe stock brokers and fleece investors in Nigeria stock market is made possible because results of extant studies reveals that the Nigeria capital market reflects the lowest level of market efficiency - weak form efficiency. Samuel and Oka (2010) described weak form efficiency as a situation where the security prices reflect all the past information as reported by the press. Oke and Azeez (2012) investigated whether the Nigerian capital market exists in the strong-form efficiency using data collected mainly from the Nigerian Stock Exchange, Central Bank of Nigeria Statistical Bulletin and other published sources for period 1986 to 2010. Their study period captured the Nigeria pre adoption era. Their findings based on empirical analysis using the Autoregressive Conditional Heteroscedascity (ARCH) and Generalized Autoregressive Conditional Heteroscedascity (GARCH) models established that the Nigerian capital market is weak-form efficient, a confirmation that current market price of securities reflect past or historical information. Therefore, with this level of market efficiency that characterised the Nigeria capital market, it is practically impossible for investors to predict future security price by analysing historical prices, and achieve a performance (return) better than the stock market index. This is because the Nigeria capital market stands unrelated to the concept of efficient market hypothesis. According to Echekoba and Ezu (2012) the concept of efficient market hypothesis stipulates that securities are fairly priced and that stock prices already fully reflect all available information.

4. Conclusions and Possible Recommendations

This study examines the effects of changes in Malaysia and Nigeria accounting standards on the value relevance of financial statement information of banks of two emerging countries Malaysia and Nigeria. Consistent with extant studies of Ohlson (1995) and Easton and Harris (1991) this study used the price and return models to investigate the relationship between accounting information and capital market information in order to provide evidences of different accounting regimes value relevance of Malaysia and Nigeria banks financial statement information. Findings of this study suggest that Malaysia post MFRS adoption era is significantly associated with higher value relevant banks financial statement information. However, the Nigeria sample evidenced mixed results particularly with the price model. Some price model related statistics demonstrate that the Nigeria banks post adoption financial statement information is more value relevant that the corresponding pre adoption accounting information. Other price model measurements however evidenced a decline in value relevance in Nigeria bank financial statement information after the adoption of IFRS. Conversely, in totality, results using the return model evidenced opposite. This implies that the adoption of IFRS by Nigeria banks is not in any way associated with high value relevance of financial statement information. This study identified capital market frauds and manipulations perpetrated by Nigeria banks executives as the fundamental reason for the unexpected and mixed results in the context of Nigeria sample banks. The capital market fraud perpetuated by Nigeria banks executives is made possible in the light of weak institutional regulatory framework and poor corporate governance practices. Overall, this study concludes that the adoption of IFRS-based accounting standards is fundamental to the preparation and publication of high value relevant of accounting information. This study therefore recommends globally the adoption to or convergence with IFRSs (MFRSs). It is therefore recommended that world over; IFRS-based reporting standards should be embraced and implemented. Nigeria banks should borrow a leaf from Malaysia banks effective and efficient institutional regulatory framework and good corporate governance practices. The last recommendation is based on the assertion of Mohd *et al.* (2008) and Yussoff (2010) that the integrity of financial reporting is highly dependent on the performance and conduct of those involved in the financial reporting ecosystems, particularly directors, management and auditors. In addition, Soderstrom and Sun (2007) demonstrate that accounting standards though fundamental including legal and political systems and financial reporting incentives affect accounting quality.

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