
Liabilities and Non-Performing Loans Value Relevance in Emerging Market: The Nigerian Experience

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Nigerian domestic accounting regulation have been disclosing balance sheet items (liabilities (tl), deposit customer liabilities(dcl) and non-performing loans (npl)) before and during transition to IFRS using historical cost and now fair value respectively. Therefore, this paper aims to examine whether tl, dcl and npl are valued relevant at pre and after the transition to IFRS among Nigerian banks. Two modified valuation methods of stock price and stock return models have been employed for this study. The paper is developed using a sample of 15 banks listed in Nigerian stock market whose data have been generated from Thompson Data Stream and hand collected from annual reports of banks under study. The period for the collected data is from 2009 to 2013(5 years) using three years (2009 to 2011) and two years (2012 to 2013) employing panel data for the analysis. Findings revealed that accounting information is value relevant during the two periods. Besides the significant findings of this research to the security market, the literature has provided contribution to a limited market research in African capital market particularly, Nigeria after the IFRS adoption. This paper is the first paper to investigate the association between stock prices and stock returns in among Nigerian banks.

Key Words: Liabilities, deposit customer liabilities, non-performing loans, NGAAP, IFRS, value relevance

INTRODUCTION

The growing complexity of the business environment brought about the greater demand for relevant accounting information by the investors. This gives rise to improvisation and harmonisation of accounting information to meet the demand of these investors. Differences in the disclosure requirement of accounting reporting made it difficult to interpret and compare financial statements of listed firms from different countries (Prather-Kinsey, 2006). Therefore, accounting information needs to be examined and understood by the investors for capital market decisions making. The investors require relevant financial information to take decisions and participate in the financial markets. Information will only be relevant when it explains “stock prices” movement, evaluates the past as well as the future and is presented without any bias (Prather-kinsey, 2006). Banks are considered as the most significant players in the Nigerian capital market because they contribute more than 60% of the stock market. Accounting disclosure could only be relevant if it makes a significant difference in decision making by the investors (Barth, Beaver, & Landsman, 1996).

The financial crisis in Nigeria, especially in the financial market that are attributed to the lack of

transparency, non-disclosures of accounting information, non-performing loans and weak accounting regulations in the banking sector. Weakness of Nigerian domestic accounting regulation contributed significantly to the financial crisis in the country (Mohammed & Lode, 2012). The weaknesses of the regulations caused lack of relevant accounting information to bring in investments and produce quality accounting reporting (World Bank 2011). Larger non-performing loans and liabilities witnessed by the banking industry, led to the fall of the capital market prices. In addition, the default margin loans from the customers form a greater part of non-performing loans in the industry which eventually bring the stock market down in the year 2009. The effect of non-performing loans are considered to be one the leading causes of widespread of the financial crisis and fall in the stock market in the Nigerian financial institutions (ROSC, 2011). The sudden fall of the stock market has made investors lose confidence in the Nigerian capital market especially in the period of 2008 to 2009. . Causing the Nigerian economy to be almost bankrupt (Sanusi, 2012) and become a significant issue in Nigeria (Clementina & Isu, 2014). From the period 2009, the Security and Exchange Commission (SEC), Central Bank of Nigeria(CBN) and Financial Reporting Council of Nigeria (FRCN) other regulatory bodies considered a remarkable steps to improve the disclosure standards and financial reporting in Nigeria.

the non-performing loans in 2009 caused a drastic fall in the stock market with about 27.6 percent of total liabilities. During the period of 2010 the Central Bank of Nigeria (CBN) made a bail out of banks to the sum of NGN 640Billion (USD1 = NGN156) couple with recapitalisation of few banks in 2010. The non-performing loans dropped down to about 3.2 percent in 2013. From the Table 1, Nigeria has the highest non-performing loans in 2009 to 2011, UK has the highest in 2012 and 2013 Nigeria even though it drops but has the highest percentage of 3.2%.

The financial crisis in the country during the period made investors lose confidence in the Nigerian capital market. In 2010, Foreign Direct Investment in the country became weaker from \$6.9billion in the year 2007 to \$3.94 billion in 2009 as a result of risk perceptions by the investors. The government of Nigeria immediately move for the change of accounting reporting to IFRS for all listed firms by 1st January, 2012. This challenge in the banking sector provides a venue for the change of accounting reporting from domestic standards to international accounting standards (Mohammed & Lode, 2015). Because the banking sector is the most important sector of the Nigerian economy, contributing more than 60% of the capital market (NSE, 2013). According to Dimitropoulos, Asteriou, & Koumanakos (2010) banking sector is labelled to be most heavily regulated industry because of its economic importance to the economy. Banking sector is a principal nervous system moving the economy that has a number of different, yet inter-reliant, components that have significant, efficient and practical functions in the Nigerian economy (Sanusi, 2012). Hence, accounting information in this industry should be the value relevant for Nigerian stock market to perform efficiently (Mohammed & Lode, 2015).

LITERATURE REVIEW

From the study of capital market research, Landsman (1986) was the first to adopt the balance sheet approach to his capital market research on

Year	Nigeria	USA	Canada	Australia	UK	Germany
2009	27.6	5	1.3	2	3.5	3.3
2010	15.7	4.4	1.2	2.2	4	3.2
2011	5.3	3.8	0.8	2	4	3
2012	3.5	3.3	0.6	1.7	3.7	2.9
2013	3.2	2.22	Nil	NIL	1.73	NIL

Source: World Bank 2015

pension assets and pension liabilities using balance sheet model. No increase was found in the robustness of liabilities to the capital market. However, Landsman (2007) also review the extent to which capital market research examines how fair value accounting information significantly affects investors. Other studies have used balance sheet components to determine their association with stock prices. For instance, Oliveira, Rodrigues and Craig (2010), consider goodwill and other intangible assets, to be highly value relevant in relationship with stock price. Although, during the transition period from IAS to IFRS, there was no evidence to show any impact of value relevance on intangible assets. It has been shown that there is a positive effect of value relevance to goodwill in the study. But when intangible assets were disaggregated, it was found that there was an increase in the value relevance of other assets, goodwill and R&D.

A number of studies have been carried out on the association of accounting numbers and stock prices, such as Bernard (1994), Francis & Schipper (1999), Landsman (2007), Holthausen and Watts (2001), Kothari (2001) and Kargin (2013) which also significantly contribute to value relevance studies. From the period 1995 to this period, several scholars used the Ohlson model to test significant association of accounting numbers in various countries' capital market data. Researches on the importance of information in efficient functioning capital markets have long been studied by many scholars (Dung, 2010). Similarly, Kothari (2001), in reviewing the relationship between financial information and capital markets, provides a significant viewpoint of the ideas used in the accounting literature, that gives higher influence to the accounting future in the area of capital market research. In order to improve on capital market research, Beaver (2002) supports five areas of capital market research: value relevance, market efficiency, discretionary behaviour, Feltham-Ohlson Modelling, and analyst behavior, in his study. However, Beaver (2002) states two areas: market efficiency and Feltham-Ohlson model, as the underlying platform that will permit researchers to

organise the role of accounting information in capital markets. For example, investors use financial statements as accounting information for capital market decisions. This accounting information offer investors the needed information to evaluate firms' economic situation and after that allow them to invest in profitable investment opportunities (Zeghal & Mhedhbi, 2012). The relationship between the attributed value relevance and accounting numbers shows that book values of accounting assets and book values of accounting liabilities express accounting information about market values of both assets and liabilities in the (Holthausen & Watts, 2001).

Guy (2010) considered Non-performing Loans (NPLs) to have been used widely in measuring the quality of asset among the financial institutions (lending institutions) and frequently associated with financial crisis and failures in both developing and developed economies. In Nigeria, Adeyemi (2011) reports that failure of financial institutions can also be attributed to non-performing loans which has become a serious concern to the nation. Similarly, Aremu, Suberu, and Oke (2010) identified nonperforming loans as one of the major risk to the bank's profitability in Nigeria. Moreover, Kolapo, Ayeni, and Oke (2012) using Return on Assets (ROA) as dependent variable, discover that, a greater percentage of non-performing loans reduce profitability, also increase in loan losses decreases profitability by a greater percentage and loan and advances also have increases profitability by small percentages in Nigerian financial institutions.

High non-performing assets in the balance sheet represent weakness in the balance sheet, fragility of the banks and poor quality of assets (Paul, Bose, & Dhalla, 2011). Many investors and standard setters argue that fair values loan provide more relevant information about credit losses than historical cost information (Cantrell, Mcinnis, & Yust, 2014). In same way, Drago and Mazzuca (2013) posited that fair value assumptions of loans are value relevant, which shows that fair values estimate have

incremental power in relation to loan book value for banks' stock.

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The Central Bank of Nigeria (CBN) prudential guidelines of 2010 section 12.6 state that; (i) all total loans should be disclosed at the year end and provisions that may arise against the loans; (ii) Non performing the banks shall disclose loans by loan types in the statements of accounting and any percentage to total loans along with particular provision movement under each category; (iii) All non-performing loans should have classifications under each classified category as doubtful, substandard watch list, lost and doubtful (CBN, 2010). Despite the significance of the association between non-performing loans and stock prices and returns in Nigeria, the area has not been explored by researchers in Nigeria. Now that, the failure of financial institutions in Nigeria has been attributed to the weak accounting reporting and non-performing loans will the loan portfolio improve or decreases, as a result, new accounting regulations?

Prior literature provides mixed results on the value relevance of liabilities' components as measured on

the balance sheet, i.e., the net liabilities presented to ordinary shareholders. Balance sheet disclosures on assets and liabilities provide information needed by the investors for decision-making. Section 7 of IFRS 7 stated that firms should disclose accounting information for users of financial statements to examine the importance of financial instruments for its performance and financial positions. Thus, Nigeria, which is the second biggest capital market in Africa after South Africa, expects assets and liabilities to be more value relevant to investors under the new accounting reporting. This can also be further stated that, non-performing loans disclosed under IFRS using the fair value will be more value relevant than non-performing loans under SAS using historical cost.

Non-performing loans disclosed under IFRS using the fair value will be more value relevant than non-performing loans under SAS using historical cost. Thus, value relevance of liabilities can increase or decrease as a result of new accounting regulations depending on the complexity of the number of several factors. But the most fundamental consideration is whether the net benefit from having more disclosure could be positive or negative precisely using IFRS for financial instruments.

Hence, hypotheses for this study are as follows:

H1= *Recognised liabilities, deposit customer liabilities and non-performing loans are more value relevant under IFRS than recognised liabilities, deposit customer liabilities and non-performing loans under NGAAP.*

DATA AND METHODOLOGY

Data for the study is collected from Thompson Reuters Data Stream and annual reports of firms from the Nigerian Stock Exchange (NSE) Commission for the period of 2009 to 2013. The sample framework comprises of 15 banks listed in the Nigerian stock market within the period of study. The study divides the samples into two periods, 2009 to 2011 (3 years) and 2012 to 2013 (2 years) as in (Kadri, Aziz, & Ibrahim, 2009). The

period 2009 to 2013 is the period of old accounting regime while 2012 and 2013 are the mandatory periods for the adoption of IFRS in Nigeria by all listed companies. Using the two period's, value relevance of accounting information is compared under NGAAP with IFRS.

Two equity valuation models used by James Ohlson (1995) and Easton & Harrisf (1991) are adopted for this study in examining the association between total assets, deposit customer liabilities and non-performing loans with share prices and stock returns in the two accounting regimes. The study using panel data for the period of 5 years using valuation model identify with balance sheet model as in (Barth, Landsman, & Wahlen, 1995 ; Barth, Beaver, & Landsman, 1998) from prior literature. The following model is estimated using either historical cost or fair value. Model for market value of equity for NGAAP and IFRS using dummy variable "0" NGAAP and "1" IFRS

$$MV_{it} = a_0 + b_1 t_{lit} + b_2 d_{clit} + b_3 npl_{it} + \mu_{it} \text{-----}$$

-----(i)NGAAP

$$MV_{it} = \alpha_0 + b_1 t_{lit} + b_2 d_{clit} + b_3 npl_{it} + \mu_{it} \text{-----}$$

-----(ii)IFRS

Where, MV_{it} = market value of firm i at year end t, t_{lit} is the total liabilities less non-financial and financial liabilities for firm i at year end t, d_{cl} is the deposit customer liabilities for firm i at year end t, and npl is the non-performing loans for firm i at year end t.

Regression models using non-deflated variables have been proved to provide or cause a problem of scale and heteroskedasticity (Easton & Sommers, 2003). They further argue that deflation by outstanding shares will reduce the coefficient bias of independent variables that will be caused by the bigger firms influence. Therefore, all variables are deflated by the number of outstanding shares at the end of the year for each of the firms as in (Kanagaretnam, Mathieu, & Shehata, 2009; Venkatachalam, 1996). This is because it will confirm the validity of relating R2 to diverse samples (Jing &

Ohlson, 2000). Therefore, a new model using share prices find below for NGAAP and IFRS using dummy variable "0" NGAAP and "1" IFRS

$$P_{rit} = \alpha_0 + b_1 t_{lsjt} + b_2 d_{clsit} + b_3 npls_{it} + \mu_{it} \text{-----}$$

----- (ii)NGAAP

$$P_{rit} = \alpha_0 + b_1 t_{lsjt} + b_2 d_{clsit} + b_3 npls_{it} + \mu_{it} \text{-----}$$

----- (ii)IFRS

Where P_r = price per share for firm i year end t, t_{ls} = total liabilities per share for firm i year end t, d_{cls} = deposit customer liabilities per share for firm i year end t, $npls$ = non-performing loans per share for firm i year end t.

The coefficients b_1 , b_2 and b_3 , represent t_{li} , d_{cl} and npl per shares differences for the NGAAP and IFRS adoption period. Where the coefficient differences are positive or negative, represent increase or decrease in the variable value relevance under IFRS adoption. Barth, Beaver, & Landsman (2001) support that value relevance studies investigate how good accounting numbers needed are reflected in firms' equity market value. However, the study aimed at determining whether accounting information is more value relevant to the adoption of IFRS, therefore, b_1 , b_2 and b_3 are of particular interest. The assumptions of this study are that, when the coefficients are higher and positive under IFRS then is assumed accounting information is more value relevant. However, if the confidants are negative and lower under IFRS, then information is more value relevant under IFRS.

Therefore, we predict that t_{li} will be statistically negative under both NGAAP and IFRS while d_{cl} to be positive. However, npl is to be negative for both NGAAP and IFRS.

PRICE MODEL

Descriptive Statistics

Panel A Number of observations (obs) is the number of firm observations for NGAAP 45 and IFRS 30 because of the number of years used in the study. The no is the number of companies (15) used for the

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study. The mean for market value for the year under NGAAP for non-deflated data is (in Nigerian naira (NGN)), (calculated as NGN1 = \$163) 258000 greater than the mean 25700 for the year after the adoption of IFRS. This can be a link to the period in which banks were using creative accounting in 2009 and 2010 in order to have more market value in the market. The minimum on the panel is NGN-32100 and maximum of NGN36700000 for the period under NGAAP is greater than IFRS. Furthermore, under IFRS all independent's variables have higher mean, standard deviation, minimum and maximum than NGAAP. However, standards deviations for all variables are higher than the mean, minimum and maximum provided in the panels

Panel B The mean value for share prices value (P) for the year under NGAAP for deflated data is (in Nigerian naira (NGN)), (calculated as NGN1 = \$163) 0.74278 lower than the mean 1.1694 for the year after the adoption of IFRS. This can be a link to the period in which banks share outstanding have increased as the results of government re-capitalisation of assets. The minimum on the panel is NGN-0.37 and maximum of NGN45 for the period under NGAAP, which are greater than IFRS period. In contrast, under IFRS all independent's variables have higher mean, standard deviation, minimum and maximum than NGAAP. However, standards deviations for all variables are higher than the mean, minimum and maximum provided in the panel

Table 2 Panel A: Descriptive Statistics of Non-deflated Data

Var	2009 to 2011					2012 to 2013				
	Obs	Mean	Std. Dev.	Min	Max	Obs	Mean	Std. Dev.	Min	Max
Mkt('000)	45	258000	2940000	-32100	36700000	30	25700	119000	-50800	1040000
tl*('000)	45	141000	555000	17	4750000	30	267000	960000	61	7410000
dcl('000)	45	98	345	0.0004	2872	30	122	365	0.0002	2839
npl('000)	45	39200	43100	106	209000	30	5437	11500	23	49700
No	15					15				

Note: mkt= market value 3 month after the accounting period, tl*= total liabilities less deposit customer liabilities, dcl = deposit customer liabilities and npl = non-performing loans. The amount is in Billion Nigerian Naira (NGN). The exchange rate is USD1=165NGN. Number of observations from 15 banks for three years is 45. From the sample it can be confirmed that some aspect accounting system in Nigeria show that banks are relatively small than developed countries.

Panel B: Descriptive Statistics of Deflated Data

Variable	2009 to 2011					2012 to 2013				
	Obs	Mean	Std. Dev.	Min	Max	Obs	Mean	Std. Dev.	Min	Max
Price('000)	45	0.74278	4.0495	-0.37	45	30	1.1694	5.41138	-12.1	34.6
tl*('000)	45	3.77684	9.65536	0.00251	46.7071	30	5.95048	16.6302	0.0006	93.6033
dcl('000)	45	0.00426	0.01018	0.000915	0.06236	30	0.00524	0.015	0.000153	0.12943
npl('000)	45	2.53007	3.09366	0.00414	13.3158	30	0.25615	0.6154	0.00065	2.93691
No	15					15				

Note: Price per share= market value divided by the number of outstanding shares 3 month after the accounting period, tl*= total liabilities per shares less deposit customer liabilities items, dcl = deposit customer liabilities and npl = non-performing loans. The amount is in Billion Nigerian Naira (NGN). The exchange rate is USD1=165NGN. Number of observations from 15 banks for two years is 30. From the sample it can be confirmed that some aspect accounting system in Nigeria show that banks are relatively small than developed countries.

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Correlation Matrix

Table 2 correlation test performed for the non-deflated variables between market value, total liabilities, deposit customer liabilities and non-performing loans values are significantly and negatively correlated under both NGAAP and IFRS. All variables of less than 0.9 correlations have been considered to have a perfect correlation by Hair et al. (2007). In addition, Pallant (2011) argues that 0.9 and above between variables to be highly correlated. In this case, Table 1 is the correlation of matrix for the non-deflated data showing that all variables are negatively correlated with share prices as well as correlated with positively with the exception of dcl to npl. The table also have shown that all variables are below the threshold of 0.9

Table 3 Correlation matrixes under deflated variables price per share, total liabilities per share, deposits customer liabilities per share and non-performing loans are correlated with each other. The

negative correlation with price is found on total liabilities per share and non-performing loans, while deposits customer liabilities have a positive correlation but negative correlation with total liabilities per share and non-performing loans per shares. All variables are correlated with each other below the maximum threshold of 0.9. In fact, the maximum in the table is 0.582.

Skewedness

In Table 5, the data under non-deflated data is skewed between 2 to 7.01 under NGAAP while under IFRS it is skewed between 2.8 to 12. However, under deflated data the skewedness of data under NGAAP is between 0.888 to 8.9 and 3.40 to 6.11 under IFRS. With log data, the skewedness changes in all the variables. The skewedness changes from minimum of -1 to +1 under NGAAP and -0.46 to +1. Kadri et al. (2010) stated that, normal data is skewed between -1 to +1. This proves that the data is normally distributed for regression analysis.

Table 3: Pearson Correlations for Non-deflated Data

Var	2009 to 2011 NGAAP				2011 to 2013 IFRS			
	P	tl	dcl	npl	Mkt	TI	dcl	npl
P	1.000				1.000			
TI	-0.5502	1.000			-0.281	1.000		
dcl	-0.0275	0.0048	1.000		-0.0771	-0.0459	1.000	
npl	-0.5892	0.4299	-0.0537	1.000	-0.1307	-0.1611	0.0234	1.000

Note: under NGAAP and IFRS all variables are negatively correlated to each other

Table 4: Pearson Correlations for Deflated Data

Var	2009 to 2011 NGAAP				2011 to 2013 IFRS			
	P	tl	dcl	npl	Mkt	TI	dcl	npl
P	1.000				1.000			
TI	-0.1245**	1.000			-0.3007***	1.000		
dcl	0.007**	-0.1323	1.000		0.0732**	-0.2003	1.000	
npl	-0.0303*	-0.1599	-0.0233	1.000	-0.3239*	0.0311	0.2932	1.000

Note: Under NGAAP and IFRS all variables are negatively correlated to each other, except dcl that has positive correlation with price. *** indicates coefficient is significant at <1% level (two tailed), ** indicates significant at <5% level (two tailed), * indicates significant at <10% level

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Table 5: Skewedness

2009 to 2013 NGAAP					2012 to 2013 IFRS			
Period	mkt	tl	dcl	npl	Mkt	TI	dcl	npl
Non-defl.	4.4	7.01	6.7	2	12	6	5.3	2.8
Defl.	8.9	2.95	3.73	1.88	4.3	3.45	6.11	3.4
Log Data	1	0.57	0.46	-1	1	0.43	-0.46	0.33

Note: all variables under NGAAP have positive skewedness equal to or less than +1 with a negative skewedness under NPL of -1. Under IFRS is also skewed from -0.46 for dcl and with the largest positive of +1

Table 6: Multicollinearity

Variable	NGAAP		IFRS	
	VIF	1/VIF	VIF	1/VIF
TI	4.14	0.24133	1.77	0.56352
Dcl	4.13	0.24225	1.73	0.579574
Npl	1.04	0.96247	1.06	0.946167
Mean VIF	3.1		1.52	

Note: vif factor is below far below maximum of 10 which is regarded as severe multicollinearity in both NGAAP and IFRS

Multicollinearity

A variance factor with VIF greater than 10 indicates higher collinearity (Gjerde, Knivsfla, & Sættem, 2011; Kargin, 2013). In addition Kennedy (1992) reports that VIF score of 10 is an indication that there is a severe multicollinearity case. Table 6 do not represent any multicollinearity problem, as the data fluctuates within the range of 1.04 to 4.14 in the two periods.

Regression results and discussion

The study uses Panel data using STATA 12, as econometric interactive test software for data analysis. The software performs regression tests; Ordinary Least Square (OLS), fixed effect and random effect regressions tests, for analysis between dependent and independents variables. However, common problems do exist of heteroskedasticity when using OLS panel data that has been taken care off by doing the robust test as in (Dosamantes, 2013). Therefore, three competing models of pooled

regression (OLS), random effect and fixed effect models are employed for the study.

Table 7 summarizes findings from the price model using pooled regression (OLS), random effect and fixed effect models using columns to reports for tl, dcl and npl.

First, we try to find the appropriate model between FE and RE under NGAAP by regressing the two models. Hausman test was employed to find the most suitable model. For the null hypothesis to be accepted under Hausman, the value of P should be lower than 0.05 for FE. The result of Hausman test of 0.3094 shown that the null hypothesis: a difference in coefficients not systematic is to be rejected, and alternative hypothesis is accepted. Another test was conducted to compare RE and OLS models that are to be considered appropriate for the study. The test for Breusch and Pagan Lagrangian multiplier (LM) for a random effect provide 0.3048, confirming that OLS was most suitable for the study. For the hypothesis to be accepted the P-value under LM test

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should be lower than 0.05 ($p < 0.05$). However, OLS robust standard error analysis was conducted to remove heteroskedasticity as in (Ahmed & Ismail, 2014; Dosamantes, 2013), even though the White (1980) test provides value on heteroskedasticity of 0.0154 in the data before robustness. The result reported before robust standard error under pooled OLS has shown a slight increase in tl with decrease in dcl t values. In other way, npl that has not been significant latter become significant after the robust standard error. Secondly, ever under IFRS fixed effect model was found to be more appropriate for the study.

R^2 for the model is measured to find if models have a significant statistic for the study. The coefficients measure the statistical significance of the relationship that may exist between dependent and independent variables. The t-statistic indicates power of the association between the dependent variable and explanatory variables.

We find that total liabilities, deposit customer liabilities, and non-performing loans value coefficients to be statistically significant for all the samples. However, Kargin (2013b) stated that when coefficient is positive there is an increase in value relevance of accounting information, but if coefficient has negative sign then there is a decrease in value relevance of accounting information. In this case, coefficient β_1 under NGAAP is statistically significant but with a negative sign of 0.1706 (at 1% level) and under IFRS the coefficient reduces by provide statistical negative significant of -0.527 (at 5%). On the other hand, under IFRS value relevance of accounting information is lower than under NGAAP. The coefficient β_2 has a statistical positive significance of 0.022 (at 10%) under NGAAP, showing lower value relevance of accounting information with also statistical positive significant coefficients of 0.351 (at 5% level) under IFRS, demonstrating more value relevance increase under IFRS. Despite the fact that dcl formed part of tl yet it

Table 7: Regression Analysis

	NGAAP OLS			IFRS FE		
	Coef.	t	P	Coef.	t	P
Mkt						
Cons	0.759	6.82	0.000	-0.494	-0.94	0.361
TI	-0.170***	-6.84	0.000	-0.526***	-3.65	0.003
Dcl	0.021***	5.72	0.000	0.350**	2.71	0.017
Npl	-0.017**	-1.92	0.062	-0.120*	-1.83	0.088
No. obs	45	45	15	30	30	30
Fi	15	15	15	15	15	15
R sq	50					
Hausman	0.3094			0.0003		
LM	0.3048					
R-sq: within	37			41%		
Between	54			66%		
Overall	50%			64%		

Note: *** indicates coefficient is significant at <1% level (two tailed), **indicates significant at <5% level (two tailed), * indicates significant at <10% level

provide a positive significant statistics. One thing to note is that dcl is negatively correlated with share prices, but because the data is transformed to its natural log (ln) the sign changes to positively significant. However, coefficient β_3 under NGAAP has negative significance coefficient of 0.017 (at 10% level) while under IFRS coefficient β_3 has also a negative statistical significance of -0.120 (at 5% level) lower than under NGAAP. The R2 from OLS under NGAAP provide 50% while, under IFRS, a higher R2 of 64% is provided. Given that there is an increase in R2 under IFRS, demonstrated that value relevance of accounting information is statistically more significant under IFRS. In overall, the value relevance of accounting information under IFRS is more value relevant using price model. This argument is supported by (Hellström, 2006; Kadri et al., 2009).

CONCLUSIONS

The value relevance of liabilities, deposit customer liabilities and non-performing loans over two accounting regimes are most relevant studies conducted in market research. For instance, Barth & Clinch (1996) in their study provide evidence of change in the components of assets and liabilities under Canadian and US accounting regulations. We find that total liabilities, deposit customer liabilities and non-performing loans to be value relevant during the NGAAP and IFRS period in explaining market prices and returns. Deposit customer liability provides a positive significance association with stock prices under the two periods. In overall, the findings of the study have shown significant statistical relationships between accounting numbers with stock prices from the R2 provided in the study. The negative variables are telling us that, they are negatively related to stock price. It further tells that the higher the tl and dcl the most risky it is for the banks. The R2 from the model provide a better explanation of the variation of stock prices during the two periods.

The findings of our study will have a significant contribution to the capital market research that is lacking in emerging markets. In addition, it will provide implication for both accounting research and practice especially in Nigeria with very limited study. Furthermore, our significant contributions to the growing literature are on the total liabilities, deposit customer liability and non-performing loans association with stock prices and stock returns particularly in emerging markets. Moreover, the paper record that accounting numbers provide information on the value relevance of accounting information in Nigeria, second largest capital market and the fastest growing economy in Africa.

We find that liabilities and non-performing loans have negative significant with stock prices over the two periods. The value of R2 from stock price model is higher under IFRS with 64% and 50% under NGAAP. The fall of the stock market is attributed to too much liability, deposit customer liabilities and non-performing loans as reported before the adoption of IFRS by the World Bank in 2011 and CBN 2011.

This study is faced with limitations of using few financial institutions (banks) listed in Nigerian stock market. The study focused on the liabilities, deposit customer liabilities and total non-performing loans. There is another aspect of loans such as loans and advances, loan loss provision, classified loan and total loan deposit with non-performing loans to be measured with stock prices and returns.

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