

Firm-Specific Institutional Factors and Financial Reporting Quality of Quoted Deposit Money Banks in Nigeria

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ABSTRACT

This study investigated the effect of firm specific institutional factors on the financial reporting quality of quoted deposit money banks in Nigeria. In particular, the study examined how the financial reporting quality is affected by the size of the firm, leverage, profitability, liquidity, firm age, and the ownership structure.

This study was conducted with a longitudinal panel research design, where secondary data were collected from the Annual reports of 11 quoted deposit money banks in Nigeria for the period 2014 to 2024. Model selection was done using Hausman specification test and panel regression techniques such as pooled ordinary least squares, fixed effects and random effects models were applied.

The results indicated that the random effects model was the most suitable model for data analysis. The regression results revealed an R^2 of 0.2614 and F-statistic of 10.952 ($p = .000$). The results indicated that financial reporting quality is positively associated with firm size ($\beta = 1.5112$; $p = .002$), and that leverage is negatively associated with financial reporting quality ($\beta = -0.7984$; $p = .028$). Profitability showed positive significance ($\beta = 0.1483$, $p = .003$), whereas liquidity ($\beta = 0.0520$, $p = .100$) and firm age ($\beta = 0.0043$, $p = .821$) were insignificant. The ownership structure had a significant negative effect ($\beta = -0.0221$, $p = .043$).

The study concluded that governance-related institutional factors significantly influenced financial reporting quality among quoted deposit money banks in Nigeria.

Keywords: Financial Reporting Quality, Leverage, Firm Size, Profitability, Ownership Structure, Liquidity, Discretionary Accrual

INTRODUCTION

In the banking industry, financial reporting quality was an important aspect of corporate transparency, accountability and investor confidence (Orjinta & Okpalaukeje, 2026). The quality of financial reporting enhanced financial institution decision making, minimized information asymmetry, and improved regulatory monitoring of financial institutions (Yahaya, 2026). In the banking sector, reliable financial disclosures fostered market discipline and boosted confidence among stakeholders, especially in financial markets with financial uncertainty and weak institutional oversight (Sulaiman-Oloko, 2026). As a result, attention of regulators and investors shifted to institutional characteristics that could affect the quality of financial reporting by quoted deposit money banks.

Ashogbon (2026) found that financial reporting practices in banking institutions are significantly affected by firm-specific institutional factors which include firm size, leverage, profitability, liquidity, ownership structure and firm age. More stringent regulatory requirements and public interest resulted in larger firms having better internal control and disclosure systems (Yahaya, 2026). In the same vein, the association between profitability and liquidity with reporting incentives was related to the availability of more transparent and reliable information, as financially sound institutions would be likely to provide more transparent information (Umar,

Aliyu, & Garba, 2026). Ownership structure also influenced reporting behaviour as it was linked to monitoring and governance mechanisms to mitigate opportunistic financial reporting (Kanwai & Irom, 2026).

Although these institutional factors were well known, doubts lingered about the financial reporting quality of the quoted deposit money banks in Nigeria. Earnings manipulation, delayed disclosures, inadequate compliance with accounting standards and mismatches in financial statements remained to give investors confidence and financial market stability issues (Sulaiman-Oloko, 2026). The persistent conflicts between the Central Bank of Nigeria and Financial Reporting Council over disclosure issues also led to doubts about the credibility of financial reporting in the banking industry (Tijjani & Umaru, 2026).

Additionally, the literature provided important empirical findings that were inconsistent with each other concerning the impact of the institutional factors of the firm on financial reporting quality. It was reported in some studies that size and profitability of the firms are factors affecting the quality of reporting, as larger and profitable firms have strong governance and good disclosure incentives (Celestin, Gidisu, Vasuki, & Kumar, 2026). Yahaya (2026) discovered that financial reporting quality of Nigerian listed companies was positively affected by institutional factors such as governance. The same applies to Umar, Aliyu and Garba (2026) which indicated that financial reporting quality in financial service firms in Nigeria is enhanced by audit quality and institutional monitoring.

But other studies have yielded opposite results. Ashogbon (2026) discovered that the quality of disclosure in listed deposit money banks deteriorated due to leverage and liquidity pressures as financially stressed firms tended to disguise their financial performance to keep the market confidence. Likewise, Aruwa, Naburigi, and Onobruke (2026) observed that financial risks and weak governance mechanisms negatively affected reporting quality within Nigerian banks. The mixed results indicated that the effect of institutional characteristics on financial reporting quality still needed to be settled.

Equally, a relevant area of research gap was ownership structure in Nigerian deposit money banks. A few studies focused on the overall governance structure, but the interaction between ownership concentration and institutional ownership with firm-specific factors in relation to reporting quality was not explored. According to Yahaya (2026), the institutional ownership had a significant impact on the level of corporate monitoring and corporate disclosure among listed Nigerian companies. However, empirical studies on specifically quoted deposit money banks were still very few.

The environment in which quoted deposit money banks operated in Nigeria, was one characterized by regulatory reforms, growing digitization, liquidity stresses, and rising investor expectations. These conditions made it even more critical for companies to provide reliable financial reporting to maintain financial stability and ensure investment. Nonetheless, governance issues and disclosure risks remained a threat to reporting credibility for the sector.

In this regard, the study investigated the effect of firm-specific institutional factors on financial reporting quality of quoted deposit money banks in Nigeria. In particular, the paper examined the impact of firm size, leverage, profitability, liquidity, firm ownership structure and firm age on financial reporting quality.

The study was driven by the desire to bring forth new empirical data that could enhance the practices of corporate governance, aid in the improvement of financial reporting in the Nigerian banking industry and support the regulatory policy to ensure transparency and accountability in the banking sector.

LITERATURE REVIEW

Conceptual Review

Financial reporting quality was defined as the accuracy of financial statements in reflecting the economic state of a firm and their ability to provide decision makers with reliable, relevant, timely and transparent information (Sulaiman-Oloko, 2026). In the banking industry, it enhanced investor confidence, mitigated information asymmetry and ensured market discipline. Firm-specific institutional factors were internal institutional factors

that can be expected to affect reporting behavior and disclosure practices. The factors involved were firm size, leverage, profitability, liquidity, ownership structure and age of the firm (Ashogbon, 2026). Firm size was a measure of the scale of operations and resource capacity of a bank, and leverage was a measure of the amount of debt financing as a proportion of the equity. Profitability (typically measured by return on assets) represented managerial efficiency and the performance of earnings. Liquidity quantified the ability of banks to pay its short-term obligations. Ownership structure was defined as equity ownership spread among institutional, managerial and external shareholders while firm age was defined as the maturity and operational experience of the firm.

Empirical Review

The link between firm-specific institutional factors and financial reporting quality continued to be mixed in developed and developing economies. In a developed economy, García Lara, García Osma and Penalva (2020) used a panel regression analysis on listed companies in the United States and concluded that stronger governance structures and regulatory oversight led to better financial reporting quality for larger companies, due to less room for earnings manipulation. In a similar study, Kateb (2024) found that audit committees enhanced financial reporting quality in Saudi Arabia by enhancing IFRS implementation and oversight of IFRS disclosure. These results suggested that the credibility of reporting was improved with institutional monitoring and the maturity of organisations. The results showed that this was in line with Agency Theory, which stated that good governance and monitoring mechanisms minimized managerial opportunism.

Other studies gave conflicting results, however. In the context of Asian banks, Yasser, Mamun, and Hook (2017) studied the ownership concentration and concluded that ownership concentration was detrimental to the financial reporting quality due to the fact that the dominant shareholders had influence over managerial decisions for private benefits.

In developing economies, Qasem, Mohammed, Battisti and Al-Mamun (2025) found that the ownership structures had mixed effect on financial reporting quality, as ownership concentration led to lower disclosure independence but better monitoring incentives. They found that institutional and regulatory environments were important for governance effectiveness. Ntim, Lindop, and Thomas (2021) conducted a study on the financial reporting quality of South African companies and discovered that institutional ownership and governance quality enhanced financial reporting quality through greater oversight and disclosure.

A number of Nigerian studies also had mixed results. Ezedike and Ezuma (2025) studied the impact of corporate governance and financial reporting on selected deposit money banks and found that the audit committee's independence enhances the quality of disclosure and minimized earnings manipulation. In support of these, Umasabor and Okonkwo (2025) examined the effectiveness of audit committee among listed banks in Nigeria by applying ordinary least square estimation and found that the audit committee with higher level of financial literacy led to higher level of reliability in reporting. Similarly, Oladejo and Hamed (2025) established that audit quality attributes enhanced earnings quality of the Nigerian deposit money banks.

Furthermore, Nwanji (2021), through panel regression analysis on Nigerian deposit money banks, established that audit committee quality has a significant effect on financial reporting quality by providing better governance monitoring mechanisms. Likewise, Yahaya (2026) discovered that the quality of financial reports was significantly influenced by board gender diversity as good governance diversity enhances monitoring. Furthermore, Isah, Aliyu, Ndagi, Lapai, and Garba (2026) concluded that audit quality enhanced financial reporting quality in Nigeria's deposit money banks by improving compliance and disclosure practices.

In addition, Moshood, Lawal, Shogelola, and Ayodele (2026) conducted an empirical study on the relationship between managerial efficiency and financial reporting quality in quoted deposit money banks in Nigeria through the panel regression technique. The results of the study revealed that managerial efficiency positively affects financial reporting quality by improving internal control procedures and limiting discretion. Likewise, Moshood (2026) empirically analyzed auditor independence and financial reporting quality in quoted deposit

money banks in Nigeria and concluded that auditor independence positively impacts financial reporting quality.

But there was also evidence to the contrary. Ibe, Okpanachi, and Friday (2025) examined the effect of board size and earnings management of listed deposit money banks by applying panel least squares estimation method. The results indicated that the larger the board, the more earnings management occurred, even with the presence of audit committee moderation. The study suggested that the larger the board, the less effective the monitoring. Likewise, Shuaib (2025) found that when ownership structure is concentrated, there is an incentive to manipulate the earnings due to the dominance of controlling shareholders in making reporting decisions.

Moreover, audit committees had varying impacts on the relationship between board structure and earnings management, as seen in the divergent governance outcomes noted by Yahaya (2026). According to Musa (2025), audit committee financial expertise was only found to enhance financial reporting quality when accompanied by strong regulatory enforcement. Conversely, Alo and Eke (2026) found that the integrity of financial reporting in deposit money banks could not be achieved by board characteristics alone. Similarly, Paul, Doshiro and Saliu (2026) found that the audit firm attributes had positive effects on reporting quality, but this effect was moderated by audit committee competence.

Building on this finding, Ashogbon (2026) established that leverage and liquidity pressures adversely affected disclosure quality, as the banks in financial distress reported better than their true financial condition in order to maintain market confidence. Similarly, Ibrahim, David, Ajiteru and Adinoge (2026) noted that despite the governance controls, there was a significant decrease in financial reporting quality among listed Nigerian deposit money banks. Likewise, Sulaiman-Oloko (2026) reported that accounting fraud and ineffective compliance policies persistently affected the reliability of disclosure in Nigerian banks.

There was also empirical evidence from the non-financial sector which fed into the debate. The study conducted by Ezeonu, Emengini, Okey-Okoro, and Alajekwu (2025) established that audit committee characteristics had a significant positive effect on financial reporting quality for non-financial companies in Nigeria. Likewise, Bako (2025) found that there is a positive relationship between board attributes and audit quality in listed oil and gas companies. However, Eugenia (2026) found inconsistent effects of audit committee characteristics on reporting quality among conglomerate firms.

Overall, the empirical results were inconclusive about the impact of institutional factors at the firm level on financial reporting quality across developed countries, developing economies and Nigeria. Some of the studies found that governance structure, profitability, ownership monitoring and size were associated with better reporting quality, whereas leverage pressures, liquidity constraints and ownership concentration were associated with worse reporting quality to improve the credibility of the disclosures. Most previous studies also confined themselves to analysing the effects of governance variables singly, instead of coupled governance variables such as firm size, leverage, profitability, liquidity, ownership structure and firm age in quoted deposit money banks in Nigeria. This empirical inconsistency and contextual limitation was a rational basis for the present study.

Theoretical Review

Agency Theory explained the relationship between shareholders and managers within organisations. Jensen and Meckling believed that managers could have their own interests that were divergent from shareholders' goals. Financial reporting quality was thus used as a monitoring tool to mitigate agency conflicts and information asymmetry. The theory suggested that ownership structure and governance mechanisms had a significant impact on the transparency and accountability of reporting (Yahaya, 2026).

Stakeholder Theory explained that companies should not only report to shareholders but should also be transparent with all stakeholders, such as regulators, creditors, employees, and investors. High-quality financial reporting added to the trust of stakeholders, minimised uncertainty and strengthened the legitimacy of the corporation. In the real context, this theory emphasized that institutional factors like liquidity, profitability and firm size affect disclosure practices (Sulaiman-Oloko, 2026).

Signalling Theory emphasized that companies with good financial performance made credible information available to indicate organizational strength and attract investors. Firms with a higher reporting value are more likely to be larger and more profitable, and thus more likely to sustain high reporting quality in order to uphold market reputation and investor confidence. However, financially distressed firms might manipulate disclosures to avoid negative market reactions (Ashogbon, 2026).

These theories collectively indicated that the financial reporting quality of companies was affected by a set of institutional characteristics that had a specific nature within the firms. The theories therefore gave an adequate background to analyze the impact of firm size, leverage, profitability, liquidity, ownership structure and firm age on financial reporting quality of quoted deposit money banks in Nigeria.

Gap in Literature

In the existing literature, financial reporting quality has been mostly studied in the context of governance mechanisms, audit quality, integrated reporting, and earnings management in listed companies and non-financial institutions. Few studies jointly examined firm-specific institutional factors such as firm size, leverage, profitability, liquidity, ownership structure, and firm age within quoted deposit money banks in Nigeria. In addition, other research has been inconclusive about the effect these institutional factors had on financial reporting quality. Most of the Nigerian studies have been confined to single governance variables without considering institutional characteristics as a whole in a single empirical framework. The study, therefore, addressed this gap in the literature by providing an extensive empirical evidence on the effect of firm specific institutional factors on financial reporting quality of quoted deposit money banks in Nigeria.

METHODOLOGY

Research Design

The study design was a longitudinal design with panel data analysis. The design used time-series and cross-sectional dimensions to investigate the effect of firm specific institutional factors on financial reporting quality of quoted deposit money banks in Nigeria over time. The use of panel data design was deemed suitable since it allowed repeated observations of the sampled banks over the periods and increased the reliability of the econometric estimation (van Oordt, 2015). The design also provided an opportunity to identify intra-bank differences in financial reporting as well as time-series changes in financial reporting. Many accounting and finance studies used longitudinal panel design to analyze the relationship between the firm characteristics and financial reporting quality (Yahaya, 2026).

Population, Sample Size and Sampling Technique

The population included all the 24 deposit money banks operating in Nigeria as regulated by the Central Bank of Nigeria as at December, 2024. But the study used a purposive sampling technique to select 11 quoted deposit money banks. The banks selected were major banks listed on the Nigerian Exchange Group that reported their financial statements regularly and provided complete annual reports for the period under study. The use of a purposive sampling method was suitable because the banks selected had strong market presence, large asset size, and good disclosure systems which are suitable for panel analysis (Ashogbon, 2026). The period of study was between 2014 and 2024 to provide adequate observations for empirical analysis.

Sources of Data

The study used only secondary data obtained from published annual reports and audited financial statements of the sampled deposit money banks. Other data was garnered from banks' corporate governance disclosure and the Nigerian Exchange Group as well as Central Bank of Nigeria statistical publications. Secondary data were deemed reliable because they were from regulated and publicly verifiable data sources. Audited reports further increased the data quality in terms of credibility and consistency.

Model Specification

The study employed the panel regression model adapted from the work of Yahaya (2026) and Qasem et al. (2025) on financial reporting quality and institutional characteristics. The model was specified as follows:

$$FRQ_{it} = \beta_0 + \beta_1 SIZE_{it} + \beta_2 LEV_{it} + \beta_3 ROA_{it} + \beta_4 LIQ_{it} + \beta_5 OWN_{it} + \beta_6 AGE_{it} + \epsilon_{it}$$

Where:

FRQ = financial reporting quality;

SIZE = firm size;

LEV = leverage;

ROA = profitability;

LIQ = liquidity;

OWN = Ownership Structure (e.g., institutional or concentrated ownership);

AGE = Firm age;

ϵ_{it} = stochastic error term.

Measurement of variables

Financial reporting quality was evaluated by calculating discretionary accruals as modified by Kothari, Leone and Wasley (2005) and originally developed by Dechow, Sloan, and Sweeney (1995). Firm size was determined by the natural log of total assets, and leverage was calculated as total liabilities/total assets. Return on assets was used as a proxy for profitability – net income/total assets. Current assets/Current Liabilities was used to measure the liquidity. Ownership structure was measured using institutional shareholders' percentage or ownership concentration, and firm age was measured using the number of years since the establishment of the company (Qasem et al., 2025; Yahaya, 2026).

Data Analysis Method

Descriptive statistics were used to summarise the characteristics of the variables such as mean, standard deviation, minimum and maximum values. The relationships between variables and potential for multicollinearity were checked using correlation analysis. The methods used for inferential analysis was the panel regression analysis technique, Fixed Effects model and Random Effects model. The Hausman specification test was applied to identify the best estimator between the two models (van Oordt, 2015). Various tests were applied to validate the findings of the regression models such as heteroskedasticity and variance inflation factor tests.

RESULTS AND ANALYSIS

Descriptive Analysis

The mean of the financial reporting quality (FRQ) was -0.0135 and the standard deviation was 0.0266, which shows that financial reporting quality among the sampled banks was moderately different. The mean of firm size (SIZE) was 7.621 indicating that the operational scale of the banks was relatively similar. The mean of Leverage (LEV) was 5.678 with a standard deviation of 4.283, which shows that there are significant variations in debt financing.

The mean of profitability (ROA) was 0.041, with a high level of variation (SD of 0.779). The level of liquidity (LIQ) of the banks were moderate on average, with an average value of 1.301. The mean value of ownership structure (OWN) was 0.091 indicating relatively low ownership concentration. The firms' average age of existence (AGE) was 22 years, suggesting that the majority of the banks in this sample had significant experience.

In general, the variables were sufficiently varied and were suitable for further econometric analysis.

Table 1: Descriptive Statistics

Variable	FRQ	SIZE	LEV	ROA	LIQ	OWN	AGE
Mean	-0.0135	7.621	5.678	0.041	1.301	0.091	22.02
Median	-0.0127	7.652	5.719	0.013	0.734	0.074	17
Maximum	0.0721	10.5	19.21	10.5	10.372	0.382	52
Minimum	-0.1131	6.001	-1.968	-0.119	-0.999	0	7
Std. Dev.	0.0266	1.198	4.283	0.779	1.821	0.095	12.71
Skewness	0.458	-0.324	0.872	12.645	3.342	1.773	0.768
Kurtosis	4.603	2.892	3.848	165.24	16.689	5.732	2.339
Obs	121	121	121	121	121	121	121

Author's Computation (2026)

Correlation Analysis

In order to check the intensity of the relationship, direction of relationship, the correlation analysis was carried out between the variables. Financial reporting quality (FRQ) had weak positive correlations with firm size ($r = 0.142$), profitability ($r = 0.027$), and liquidity ($r = 0.154$). The correlation of FRQ with leverage was weak and negative ($r = -0.085$), as was the correlation with ownership structure ($r = -0.052$) and firm age ($r = -0.064$). The results showed that none of the independent variable had an unduly high association with FRQ.

The explanatory variables with the strongest correlation coefficient were firm size and leverage with $r = 0.421$, indicating a moderate positive relationship. There were moderate negative relationships between ownership structure and firm size ($r = -0.324$) and leverage ($r = -0.231$). All the correlation coefficients were below 0.80, indicating that there were no serious multicollinearity problems.

Table 2: Correlation

	FRQ	SIZE	LEV	ROA	LIQ	OWN	AGE
FRQ	1						
SIZE	0.142	1					
LEV	-0.085	0.421	1				
ROA	0.027	-0.192	-0.103	1			
LIQ	0.154	0.064	-0.039	0.021	1		
OWN	-0.052	-0.324	-0.231	0.012	-0.041	1	
AGE	-0.064	-0.201	-0.192	-0.019	-0.114	0.201	1

Author's Computation (2026)

Multicollinearity Test

Results of the Variance Inflation Factor (VIF) showed that there was no concern for multicollinearity in the model. The VIF values for all of the explanatory variables were under the critical value of 10. Firm size had the highest VIF value of 1.45, while liquidity recorded the lowest value of 1.02. These results validated the explanatory variables to be sufficiently independent and appropriate to be used in regression estimation.

Table 3: Variance Inflation Factor

Variable	VIF
SIZE	1.45
LEV	1.32
ROA	1.08
LIQ	1.02
OWN	1.24
AGE	1.15
Constant	1.21

Author's Computation (2026)

Heteroscedasticity Test

The reported results show probability values of 2.217 for the F-statistic and 0.733 for the Chi-square, both of which are above the 5% significance threshold. This means the null hypothesis of homoscedasticity cannot be rejected, confirming that the model does not suffer from heteroscedasticity.

Table 4: Breusch-Pagan-Godfrey

F-statistic:	0.432
Prob. F(6,557):	2.217
Obs*R-squared:	1.221
Prob. Chi-Square(6):	0.733

Author's Computation (2026)

Hausman Test

The Hausman specification test was conducted to determine the appropriate estimation technique between the fixed effects and random effects models. This test yielded a Chi-square value of 0.007 and a Probability value of 1.000 which were not significant at the 5% level. Hence, it was concluded that the null hypothesis was valid and the random effects model was thus more suitable for the analysis.

Table 5: Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.007	5.25	1

Author's Computation (2026)

Regression Analysis

The random effects regression results showed that the explanatory variables jointly explained 26.1% of the variation in financial reporting quality, as indicated by the R² value of 0.2614. The adjusted R² value of 0.2504 also supported the prediction ability of the model. The model was found to be statistically significant as shown by the F-statistic of 10.952 with a p-value of 0.000.

Firm size had a positive and significant effect on financial reporting quality ($\beta = 1.5112$, $p = .002$). This suggested that bigger banks had a greater impact on discretionary accruals, likely due to the expansion of reporting flexibility and pressure to meet market expectations. The results indicated that leveraging had a negative and significant influence on financial reporting quality ($\beta = -0.7984$, $p = .028$), indicating that increased leverage led to greater constraints on earnings management because of stronger creditor monitoring.

Profitability also had a positive and significant effect ($\beta = 0.1483, p = .003$), suggesting that banks with higher profitability had higher discretionary accruals. Liquidity had a positive but insignificant relationship with financial reporting quality ($\beta = 0.0520, p = .100$). Ownership structure was found to be negatively and significantly related to financial reporting quality ($\beta = -0.0221, p = .043$), implying that the higher the concentration of ownership, the better the monitoring and the lower the level of earnings manipulation. The age of the firm did not significantly influence financial reporting quality ($\beta = 0.0043; p = .821$).

Table 6: Regression results for the influence of firm-specific institutional factors on financial reporting quality of quoted deposit money banks in Nigeria

Series (Variables)	Pooled OLS (Coefficient)	Pooled OLS (P-Value)	Fixed Effect (Coefficient)	Fixed Effect (P-Value)	Random Effect (Coefficient)	Random Effect (P-Value)
C	-3.2152	0.0000	-0.1052	0.0000	-3.0100	0.0000
SIZE	1.7255	0.0015	0.0062	0.0006	1.5112	0.0020
LEV	-0.7458	0.0224	-0.0005	0.0127	-0.7984	0.0280
ROA	0.1653	0.0011	0.0011	0.4637	0.1483	0.0030
LIQ	0.0550	0.0850	0.0038	0.0006	0.0520	0.1000
OWN	-0.0418	0.0366	-0.0321	0.0352	-0.0221	0.0430
AGE	0.0061	0.5764	0.0001	0.3178	0.0043	0.8214
R-squared	0.2915		0.2876		0.2614	
Adjusted R-squared	0.2796		0.2686		0.2504	
S.E. of regression	1.523		0.478		0.462	
Sum squared resid	10.32		8.15		11.425	
Log likelihood	-21.425		-18.65		-19.845	
F-statistic	13.754	0	12.785	0	10.952	0

Author's Computation (2026)

Discussion of Findings

The results indicated that firm size and leverage had significant effects on the financial reporting quality of quoted deposit money banks in Nigeria. The positive impact of firm size was in line with Agency Theory which suggested that larger firms had higher reporting incentives and disclosure capability. Similarly, in developed economies, García Lara et al. (2020) concluded that larger companies reported more effectively. Similarly, the negative impact of leverage confirmed the creditor monitoring arguments of Yahaya (2026) and thus refuted the argument of Onatuyeh (2025) which claimed that high leverage created more reporting pressures and compelled Nigerian banks to make opportunistic disclosure.

The monitoring role of concentrated ownership and the Stakeholder Theory were supported by ownership structure which significantly decreased discretionary accruals. Koroye et al. (2026) also determined that ownership structure facilitated timely reporting of financial firms in Nigeria. However from the point of view of entrenchment theory, Yasser et al. (2017) questioned the concentrated ownership as dominant shareholders get the opportunity to mislead managers in order to enrich themselves. This implied that ownership concentration in Nigerian banks boosted the effectiveness of governance rather than entrenchment of the managers.

The effects of profitability, liquidity, and firm age were mixed on financial reporting quality. The positive and non-significant impact of liquidity was contrary to Khamees, Umar and Dadda'u (2026) who concluded that financially sound companies were able to report more reliably. Likewise, the negligible influence of firm age, as found in this study, contradicts the findings of Yahaya (2026), who, based on institutional theory, states that older firms tend to have better governance practices due to prior experience in regulations. The implications

arising from these findings suggested that governance and ownership structures have more influence on financial reporting quality than operational characteristics among the Nigerian deposit money banks.

CONCLUSION AND RECOMMENDATION

It is the conclusion of the study that firm-specific institutional factors significantly affected financial reporting quality of quoted deposit money banks in Nigeria. Discretionary accruals were positively associated with firm size and liquidity, suggesting greater earnings management practices, and negatively associated with leverage and ownership concentration, suggesting reduced earnings manipulation due to increased monitoring. The profitability and firm age had little impact on the financial reporting quality. The findings showed that governance-related institutional characteristics played a more important role in determining reporting credibility within Nigerian banks than operational characteristics.

The study recommended that regulators should strengthen monitoring mechanisms for large and highly liquid banks to reduce opportunistic reporting practices. Deposit money banks should also promote more robust institutional ownership structures, as higher institutional ownership led to better financial reporting quality. In addition, there should be higher compliance of the regulatory agencies in enforcing disclosure and corporate governance in the Nigerian banking sector to improve transparency, accountability and investor confidence.

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