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The Effect Of Reporting Financial Quality and Practices Accounting Ethical: Deposit Money Banks In Nigeria Perspective

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Abstract. *This study looks into how Nigerian deposit money banks behave with creative accounting. Five deposit money institutions in Nigeria were included in the ten-year sample, which ran from 2007 to 2016. The study's multiple regression analysis showed that the performance of banks is not much impacted by non-performing loans. Additionally, it was discovered that while gross earnings significantly improved the performance of Nigerian deposit money institutions, total accrual had no discernible impact on that performance. While it would be absurd to believe that banks' creative accounting procedures have no good impact at all, it is possible to reduce their negative consequences to a minimum by implementing the International Financial Reporting Standard (a new standard), which places greater emphasis on ethical factors and reduces bank managers' latitude in selecting various accounting techniques. Financial statement fraud would be further decreased and of higher quality as a result.*

Keywords: *Gross earnings, Total accrual, Non-performing loans, Bank performance, and Creative accounting*

1. INTRODUCTION

The primary goals of investing in the banking sector are to supply financial services to the economy and generate compensatory returns on capital employed. The Nigerian banking sector is a subset of the country's financial system, which is composed of participating institutions, regulatory bodies, financial markets, and financial instruments. The development of banking in Nigeria has been highlighted to delve deeply into the field's history and highlight the obstacles that contributed to the multiple crises the business has experienced in recent years. The banking business was impacted in the past by management, shareholders, and others' perceptions of unethical behavior (Adekunle & Asaolu, 2023).

The establishment of banks was done so that the general public might receive a range of financial services. Their function as intermediaries, providing information, lending facilities, and financial reporting, stimulates economic activity in the business sector. As a result, bank financing for profitable ventures gives the public and private sectors the money they need to boost the country's economic sustainability and growth. Their credit function improves investors' capacity to take advantage of intended profitable initiatives (Kargi, 2011).

The primary motivation behind moral behavior and ethical principles is essential to maintaining professionalism and best practices. According to Micewski & Troy (2016), ethical practice in the business sector is a framework that takes into account any phenomenon that

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affects a person's conduct rather than being comprehensive. Accountability, honesty, and an employee's ability to follow company policies and procedures rank first among ethical practices in the accounting process in the majority of firms worldwide (Gomez, 2002). The primary goal of the financial reports may be jeopardized if ethical standards are broken in the practice of corporate financial reporting, which is unfair to users (Gowthorpe & Amat, 2015). Ethics is a discipline that carefully examines matters of right and wrong, good and evil, and virtue and vice, according to Brinkmann (2022). Morals examine morality, human conduct, and the effort to make moral distinctions. Professional bodies' codes of ethics are a good location to start looking for common issues addressed in the business setting. These codes provide an example of what constitutes a business ethics reflection. Codes of ethics are based on the collective conscience of a profession and should primarily address the unique aspects of high-risk activities as evidence of the group's recognition of the moral dimension. Smith and Smith (2003) assert that moral behavior serves as the cornerstone of a civilized society. Given the role of the industry, maintaining public trust in financial institutions through the implementation of sound corporate governance is still very important in the payment and settlement system, the execution of monetary policy, the mobilization of funds, and the distribution of credit to the economically deficient sectors.

2. LITERATURE REVIEW

Conceptual structure

Diverse theoretical frameworks inform conversations about the relationship between creative accounting and corporate performance. The agency theory, resource dependency theory, information theory, and ethical theory are all resonant with the opposing ideas.

Theory of Agency

According to the agency hypothesis developed by Berle and Means in 1932, owners worry that managers will act in a way that will impede profit maximization and that their objectives do not align with their own. Since this could endanger the company's survival, owners think these managers have a lot of power over the business. This Agency Theory, which is the foundation of this study, asserts that when a principal and an agent enter into a contract for one party to make decisions on the principal's behalf, issues will always surface in any cooperative transaction (Michael, Peter, Sven-Olaf & Philippe, 2005). Agency theory holds that the company is a legal construct that provides a focal point for a multifaceted process that balances the competing goals of persons inside a framework of contractual relationships

(Meckling and Jensen, 2016). As is often known, an agency is a voluntary arrangement in which two parties consent to one agent (manager) acting on behalf of the other (principal) (Stakeholders).

When agency theory is applied to creative accounting, it becomes clear that the informational perspective is a fundamental component supporting research on the phenomenon of creative accounting. Information asymmetry between a more distant group of stakeholders and privileged management causes conflict in complicated business structures (Shipper, 2019). Nonetheless, the manager or accountant (agent) who works for the organization and is assigned to prepare its financial statements can provide the management and stakeholders with the organization's stewardship accounts. Managers have the option to manipulate financial reporting disclosures to their advantage to make use of their privileged position for personal gain. According to the informational approach, accounting disclosures contain valuable information that participants in supplying helpful signals. Therefore, by accounting principles, regulations, and standards, the management (or agent) is required to compile an accounting statement that presents a true and fair view of the numerous transactions carried out by the business. The agency theory is relevant to this study because accountants occasionally collaborate with management to inflate or deflate the financial statement, which is detrimental to shareholders Sulaiman, (2023).

Theory of Resource Dependency

Pfeffer and Salancik's (2020) resource dependency theory is based on the idea of independence, in opposition to the agency theory viewpoint. Because investors have a lot of control over where they spend their money and managerial compensation is typically correlated with stock price, managers are highly dependent on shareholders. How managers account for corporate performance may change if shareholders are worried about whether managers have enough influence over their companies. Despite being constrained by their reliance, managers can attempt to mitigate the issue by elevating their perceived level of authority (Pfeffer, 2021). According to Schlachter and Meindl's (2020) thesis, managers can create the appearance of control by assuming responsibility for both unfavorable outcomes and achievements. This boosts the perceived authority of the shareholders, which not only allays investor concerns about managers' lack of control but also resolves the firm's dependence on them.

Ethical Philosophy Theory

According to Ruland (2024), businesses often would rather exhibit a consistent pattern of profit development than display unpredictable profits with a sequence of sharp rises and falls. This is accomplished by unnecessarily making large provisions in good years for liabilities and against asset values to lower these provisions in poor years and improve reported earnings. Supporters of this strategy contend that it is a countermeasure to "short-termism," which involves evaluating an investment based only on the yield realized in the years that directly follow. Additionally, it keeps the corporation from setting expectations so high during prosperous times that it is unable to meet subsequent demands Sulaiman, (2023).

Arguments against this include the claims that investors have a right to know if a company's trading conditions are indeed turbulent and that income smoothing may mask long-term shifts in the profit trend. Revinse (2021)argues that 'loose' accounting rules that give managers flexibility in whether to report income can help both managers and shareholders when examining the issue. According to him, the primary function of accounting is to serve as a watchdog over agreements made by managers and other financial institutions. Additionally, effective market systems will detect potential accounting fraud and reflect appropriateness in contracting and pricing decisions Iheonkhan, (2 0 2 2).

Innovative Bookkeeping and Bank Results in Nigeria

The term "creative accounting" describes the application of accounting expertise to manipulate reported numbers while adhering to legal and regulatory requirements, so that they represent the desires of management rather than the company's performance or status to inform the interested parties. Creative accounting includes manipulating results as well as other aspects of accounting, both inside and outside of GAAP-permitted methods. Accounting fraud is what happens when accounting manipulation is done outside the GAAP boundaries; it is referred to as "creative accounting" when it occurs inside those bounds. Jones (2021) states that Creative Accounting is about managing the measurement and presentation of the accounts to prioritize the interests of the preparers rather than the consumers by utilizing flexibility in accounting within the regulatory framework Sulaiman, (2023).

According to Jorion, Shi, and Zhang (2019) and other witnesses, earnings management can be accomplished using a variety of strategies, including the use of accruals, modifications to accounting procedures, and capital structure modifications (e.g., debt, equity, debt-equity swaps). More precisely, during import relief investigations, discretionary accruals are utilized as a gauge of managers' earnings manipulation, according to Jones (1991). Earlier research that used a discretionary accruals measure, including Healy (2015), DeAngelo (2016), McNichols and Wilson (2018), and Jones (1991), talked about dividing total accruals into nondiscretionary and discretionary components. As a result, the source of earnings management in this research is total accruals Iheonkhan, (2 0 2 2).

Bank performance measures how well a bank has performed throughout a trading period in achieving its goals. The disclosed financial accounts are probably the only document that clarifies this. Rose (2021) states that a fair assessment of a bank's success ought to begin with determining whether it has been able to fulfill the goals that the investors and management have laid forth. Undoubtedly, numerous banks have distinct goals of their own. While some want to expand more quickly and accomplish long-term goals, others appear to prefer lowering risk and giving the impression of a solid bank while providing their stockholders with meager returns Sulaiman, (2023).

The number of nonperforming banks declined as a result of the banking consolidation in Nigeria. The main outcomes of the consolidation were a decrease in non-performing loans, an increase in bank branches, an increase in total assets of banks, an increase in total deposits, and an improvement in net interest margin. For a respectable amount of time, the banks' massive capital infusion for recapitalization did not ensure the stability of the banking industry. In Nigerian banks, return on equity (ROE) was lower despite all the acknowledged advances compared to results obtained in several other nations (IMF, 2018). When it was discovered that eight of the 24 banks had severe levels of illiquidity, inadequate capital, and inadequate corporate governance in August 2009, these and other issues prompted a significant banking reform (Sanusi, 2019).

The CBN attempted to stabilize the operations of the eight banks that were determined to be non-performing by injecting N620 billion into them as part of the 2009 reform program. The banks that turned a profit were unaffected. For example, Zenith Bank Plc declared an after-tax profit of N20.6 million in 2019 (Zenith Bank Annual Report, 2019) and N35.074 billion for First Bank Plc within that same time frame (First Bank Annual Report, 2019). The problems mentioned above are highlighted compared to results obtained in several other nations (IMF, 2018). When it was discovered that eight of the 24 banks had severe levels of illiquidity, inadequate capital, and inadequate corporate governance in August 2009, these and other issues prompted a significant banking reform (Sanusi, 2019).

Review of Empirical

There aren't many studies that look into how creative accounting affects financial reporting and business success; the ones that do exist are outlined in **Table 1 below.**

Table 1: lists the findings from earlier research on how creative accounting affects business performance.

Author (s)	**Year of Study**	**Title of Study**	**Findings of Study**
Sanusi & Izedonmi	2024	Nigerian Commercial Banks and Creative Accounting	Users of accounting information are adversely affected by creative accounting practice; Streamlining accounting principles and rules to reduce diversities of professional judgment in financial reporting will help minimize creative
Osemene, Muritala & olawale	2021	Impact of creative accounting on firm performance in Nigeria	A non-performing loan is positively related to return on equity and dividend pay-out while gearing ratio and net income before tax is negatively related to both return on equity and dividend payout
Chen	2017	Do organizations that Do creative accounting practices report higher earnings before and after tax?	Firms employing creative accounting practices reported smaller EBIT values and smaller changes in EAIT
Desai &Dharmapala	2016	Relationship between creative accounting and corporate tax avoidance.	Tax shelter products enable managers to manipulate reported earnings to mask the true economic performance of their companies.
Osisioma & Enahoro	2016	Creative Accounting and Option of Total Quality Accounting in Nigeria	Creative accounting has positively affected the information users and in Nigeria it is believed that the practice of creative accounting is constructive to the benefit of the manipulator of accounts
Sen & Inanga	2015	Creative Accounting in Bangladesh and Global Perspectives	creative accounting includes the concealment of financial risk, circumventing borrowing restrictions, escaping shareholder control, boosting reported profits/ minimizing reported losses, manipulating key ratios used in market analysis, enhancing management performance, and gaining access to finance that would otherwise be impossible to raise

Sources: Authors Compilation 2017

Hypotheses

The hypotheses for this study are stated as follows:

- ***H01*:** Non-performing loans have no significant effect on the performance of Nigerian deposit money banks.
- ***H02*:** Total accrual does not have a significant effect on the performance of the Nigerian deposit money banks.
- ***H03*:** There is no significant effect of Gross Earnings on the performance of Nigerian deposit money banks.

3. METHODOLOGY

Design of Research

The ex-post factor research design was used in this study. Since the goal of the study is to quantify and ascertain the impact of creative accounting on banks' performance, the use of an ex-post-facto design is justified.

Number of People and Sample Size

The 15 deposit money banks in Nigeria from 2017 to the population of this study 2017-2024 continue to use their brand name after being listed on the Nigerian Stock Exchange. According to Croswell (2017), purposive sampling refers to the researcher's deliberate selection of study sites and participants based on their ability to contribute to a better understanding of the study's central phenomenon and research challenge. The non-probability purposive quota sampling technique is employed in the selection process, drawing on Croswell's argument banks were selected for this study's sample based on the availability of the data required for the investigation Iheonkhan, (2 0 2 2).

As a result, the study's sample size is five (5).

banks in Nigeria that accept deposits. Among these banks are Access Bank Plc, United Bank for Africa, Diamond Bank Plc, First Bank of Nigeria Plc, and Guarantee Trust Bank Plc. Due to data availability, these banks were specifically chosen for the analysis, and their financial statements are consistent across the whole period never skipping a year or leaving a gap.

Data Sources

Only secondary sources of data were used for this study's data collection. This study's primary goal necessitates secondary data, which was acquired from the selected deposit money banks in Nigeria, such as yearly financial reports and other documents filed with the CBN, scholarly and research journals, newspapers, and other pertinent media. To answer research questions and confirm if creative accounting has a meaningful impact on bank performance, the collected data was put through statistical testing.

Model/Variable Specifications

To ascertain the impact of Creative Accounting on bank performance, the modified Jones model is utilized in this investigation. According to Jones (2021), rather than using the discretionary portion of a single accrual account (as done by McNichols and Wilson (2018) to capture creative earnings management, the discretionary portion of total accruals is used in this study to capture a larger portion of managers' manipulation. Additionally, in line with William (2014), Dechow and Ge (2016), Collins and Hribar (2022), and Ilanit (2017)Total Accruals (TA), as defined by Dabor and Adeyemi (2019) and Keefe (2012), are computed by deducting operating cash flows from Furthermore, loans to the banking sector are what goods are to the manufacturing sector. Banks sell loans, manufacturing companies sell things. As a result, there is a chance that loans will default. Thus, the following formula can be used to estimate these variables: Income from Interest (IINC) + Fee Commissions (FCOM) + Foreign Exchange (FOREXINC) + Trusteeship (TINC) + Investment Income (INVINC) + Other Income (OINC) equals Gross Earnings (GE).

Since managers have discretion over accruals accounts and transactions such as loans, nonperforming loans, and loan loss provision, Gross Earnings (GE) and nonperforming loans were introduced to allow the model to accurately investigate discretionary accruals (Gebhardt & Novotny-Farkas, 2020; Tianran, 2021; Marton & Runesson, 2017; Rolland,2017; Samadi & Valahzaghard 2018;). Return on Assets (ROA), Return on Equity (ROE), and Dividend Payout (DIVPO) serve as proxies for the dependent variable, bank performance (BP), Non-Performing Loan (NPL), Total Accrual (TA), and Gross Earnings (GE) serve as proxies for the independent variable, creative accounting. The formula for this is BP = f (NPL, TA, GE).

The cross-sectional Jones model, as modified by Kothari et al. (2015), is the regression equation for the prediction presented in its econometric form.

NPLbt + b3GEbt + U + b1TAbt + b2? = BPit.

Where:

BP = Bank performance, profit before tax, and extraordinary items for bank b at

a_0= Intercept, time t using details from cash flow and income statements of banks.

$b_1 - b_3$ = Partial regression coefficient of slope,

NPL_{bt}= Change in non-performing loans of bank b in time t, We first estimate total accruals and subsequently modify and employ the Jones model to investigate creative accounting. Measures of creative accounting based on the Jones (1991) model need to

TAbt GEbt Ubt

= Total Accruals of bank b in time t,

= Gross Earnings of bank b in time t,

= Error term.

be adjusted to account for banks and other financial organizations that don't run sales-based enterprises. Since Dechow, Sloan, and Sweeny (2015) modified the standard Jones (2021) model, this study modifies the Jones model by substituting gross earnings (GE) for SALE/REV. This is because gross earnings to banks are represented by sales or revenue on the financial statements of manufacturing companies. The amount of interest and comparable income, fees and commissions, foreign exchange income, trusteeship income, investment income, and other income make up a bank's total gross earnings Sulaiman, (2023).

To calculate the innovative accounting techniques of the sampled population, we replace the dependent variables (ROA, ROE, and DIVPO) with BP, and the outcomes are shown in the section that follows.

4. FINDINGS AND DISCUSSION

Results

As can be seen in Table 2 below, ROA has the lowest mean value of 0.4520 with a standard deviation of 0.90 according to descriptive statistics. With a maximum value of 2.90, its minimum value is 0.2. With a standard deviation of 0.68, the mean return on equity is 0.6840. Its lowest and greatest values are, respectively, 0.13 and 2.01. The studied banks' average dividend payout is 4.12, with a standard deviation of 1.18. Its values range from 2.25 to 6.15 at their lowest and maximum, respectively.

Table 2 presents a summary of the variables' descriptive statistics.

Variables		Minimum	Maximum	Mean	S.D
Dependent	ROA	0.2	2.90	0.4520	0.90047
	ROE	0.13	2.01	0.6840	0.68266
	DIVPO	2.25	6.15	4.1150	1.18222
Independent	NPL	8.43	16.33	10.4270	2.31992
	TA	111	659	295.90	178.533
	GE	106	298	213.10	68.530

Sources: Authors Computation 2017

Table 2 above displays the descriptive statistics for the three measures of creative accounting proxies, which are non-performing loans, total accruals, and gross earnings. TA has the highest mean value of 295.90, with a standard deviation of 178.5, and the lowest and maximum values, 111 and 659, respectively. NPL and GE, on the other hand, had mean values of 10.4270 and 213.10, respectively, with standard deviations of 2.32 and 68.5. 8.43, 106 is the least value, and 16.33, 298 is the largest value Sulaiman, (2023).

Table 3: Variance Inflation Factors (VIF) Results

Variable	VIF
NPL	1.913
TA	1.935
GE	1.018

Sources: Authors Computation 2017

Table 3 above displays the Variance Inflation Factors (VIF) results. The decision rule states that any independent variable is independent if its VIF coefficient is equal to one and has no collinearity and no appreciable impact on the link between the independent and dependent variables, among other factors. If the independent variable's VIF coefficient is higher than five, it is regarded as dependent and in collinearity with other independent variables. To investigate the probability of collinearity between the independent variables, a collinearity test was conducted for the independent variables using the Statistical Package for Social Sciences (SPSS 20). There are no collinearity issues with the data set, and the regression model fits the data, as indicated by the result from Table 3 above, which indicates that the values of the VIF vary from 1.935 to 1.018 and are within the allowed range.

Test of Hypotheses

***H01*: Non-performing loans have no significant effect on the performance of the Nigeria deposit money banks Iheonkhan, (2 0 2 2).

Table 4a: Regression Result for ROA

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.976	2.215		.441	.675
NPL	-.143	.258	-.369	-.555	.599
TA	.001	.003	-.243	-.364	.728
GE	.003	.005	-.217	.552	.601

Sources: Authors Computation 2017

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Table 4b: Model Summary for ROE

Model	R	R^2	F Statistics	SIG	Durbin-Watson
	0.296	0.88	0.193	0.898	1.786

Sources: Authors Computation 2017

After testing research hypothesis number one, table 4's regression result demonstrates that there is a negative correlation between the coefficient of NPL and ROA. Since the p-value of 0.599 is higher than the significance level of 0.05, it cannot be considered statistically significant Sulaiman, (2023).

This means that we infer that non-performing loans have no appreciable impact on the performance (measured by return on assets) of Nigerian deposit money banks by rejecting the alternative hypothesis and accepting the null hypothesis.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.278	1.681		.166	.874
NPL	-.046	.196	.155	.233	.824
TA	-.001	.003	-.345	-.516	.624
GE	.002	.004	.151	.384	.714

Sources: Authors Computation 2017

Table 5b: Model Summary for ROE

Model	R	R^2	F Statistics	SIG	Durbin-Watson
	0.296	0.88	0.193	0.898	1.786

Sources: Authors Computation 2017

After testing hypothesis number two, table 5's regression result demonstrates that while TA hurts ROE, the coefficients of NPL and GE have a positive impact. The statistical significance of the data is indicated by the p-values of 0.824, 0.624, and 0.714, which are all greater than the 0.05 significant levels. By accepting the null hypothesis, we can reject the alternative hypothesis and conclude that total accrual has no discernible impact on the performance of Nigerian deposit money institutions as measured by return on equity.

***H03*:** There is no significant effect of Gross Earnings on the performance of Nigeria's deposit money banks.

Table 6a: Regression Resultfor DIVPO

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.096	1.503		.064	.951
NPL	.488	.175	.957	2.786	.032
TA	-.008	.002	-1.248	-3.619	.011
GE	.006	.004	.375	1.846	.114

Sources: Authors Computation 2017

Table 6b: Model Summary for DIVPO

Model	R	R^2	F Statistics	SI	Durbin-Watson
	0.870	0.757	6.221	0.028	2.082

Sources: Authors Computation 2017

After testing hypothesis three, table 6's regression result demonstrates that while TA hurts DIVPO, the coefficients of NPL and GE have a positive impact. The fact that the p-values of 0.032 and 0.011 are below the 0.05 significant levels further indicates that there is a statistically significant relationship between dividend payout, non-performing loans, and total accrual. We reject the null hypothesis and accept the alternate hypothesis, concluding that gross earnings significantly influence the performance and dividend payout of Nigerian deposit money banks because the p-values of 0.032 and 0.011 are less than the 0.05 significant level Iheonkhan, (2 0 2 2).

Discussion

The coefficients of NPL, TA, and GE have a negative connection with ROA, according to the regression result for ROA. The p-values of It is not statistically significant since 0.599, 0.728, and 0.601 are more than 0.05 significant values. Thus, by ruling out the alternative hypothesis, we accept the null hypothesis and conclude that creative accounting has no meaningful impact on Nigerian deposit money banks' assets returned on investment. The outcome produced by the model showed Sulaiman, (2023).

Table 4b displays the overall coefficient of determination (R2), which indicates that 77% of ROA can be explained by the variables in the equation. This indicates a good fit influence of the number of explanatory variables included in the equation. The R2 of 0.296 indicates that, after the explanatory variables' influence is eliminated, the dependent variable is explained by

29.6% in the equation. The overall relevance of the F-Statistic (F-ratio)model assesses the model's goodness of fit by determining how well it explains data. The p-value of 0.898 is higher than the 5% threshold of significance, indicating that the model is not significant. The study's regression result indicates that serial correlation does not pose a difficulty for the validity of statistical conclusions, as demonstrated by the Durbin-Watson statistics of 1.786. This result is in line with the findings of earlier research by Chen (2017) and Osemene, Muritala, and Olawale (2014).

The results of the Dividend Payout regression indicate that while TA hurts DIVPO, the coefficients of NPL and GE have a favorable association with DIVPO. The results also indicate a statistically significant relationship between total accrual and non-performing loans and dividend payout because it is statistically significant if the p-values of 0.032 and 0.011 are less than the 0.05 significance level. Because the p-value of 0.114 is higher than the 0.05 percent significant levels, the coefficient of gross earnings is not significant. The model's outcome indicates that the overall co-because its significance exceeds the threshold of the coefficient of determination, which is 76% of 50%, according to R2. The dependent variable is described by 57% of the equation after the influence of the explanatory factors has been eliminated, according to the R2 of 0.565. This is because adjusted (R2) tends to eliminate the influence of the number of included explanatory variables. By examining its overall significance, the F-Statistic (F-ratio) assesses the model's goodness of fit because the p-values of 0.032 and 0.011 are statistically significant and fall below the 0.05 significance criterion. The p-value of 0.114 is above the 0.05 percent significant levels, indicating that the coefficient of gross earnings is not significant. Because its significance is higher than the benchmark of the coefficient of determination, the model's outcome indicates that the overall co-because R2 indicates 76% of 50%. The R2 of 0.565 indicates that, after removing the influence of the explanatory variables, the dependent variable is explained in the equation by 57%. This is because adjusted (R2) tends to eliminate the influence of the number of included explanatory variables. The F-Statistic, or F-ratio, tests the model's goodness of fit and indicates the model's overall relevance capacity of the model to explain. The p-value of 0.894 is higher than the 5% threshold of significance, indicating that the model is not significant. The study's regression result indicates that serial correlation does not pose a challenge to the validity of statistical conclusions, as demonstrated by the Durbin-Watson statistics of 1.231. This outcome agrees with research by Chen (2017), Akenbor and Ibanichuka (2017), and Osemene, Muritala, and Olawale (2014).

The results of the ROE regression indicate that while TA hurts ROE, the coefficients of NPL and GE have a favorable association with ROE. P-values of 0.824, 0.624, and 0.714 show that the data is not statistically significant because they are bigger than the 0.05 significant thresholds. This indicates that by accepting the alternative theory, we reject the null hypothesis and come to the conclusion that Nigerian deposit money banks' return on equity is not significantly impacted by creative accounting. Table 5b presents the model's overall coefficient of determination (R2), which demonstrates that the variables in the equation account for 88% of ROE. This shows a satisfactory fit, as the significance of the R2 value is above the 50% threshold. The DIVPO is explained by the variables in the equation, which is a good fit because its significance is over the 50% benchmark, as adjusted (R2) tends to purge. The R2 of 0.635 indicates that the influence of the explanatory factors has been eliminated, as adjusted (R2) tends to eliminate the influence of the number of included explanatory variables, 63.5% of the explanation for the dependent variable in the equation. By assessing the model's explanatory power, the F-Statistic (F-ratio) assesses the model's goodness of fit and illustrates its overall relevance. The p-value of 0.028 is less than the 5% level of significance, indicating that the model is significant. The study's regression result indicates that serial correlation does not pose a difficulty for the validity of statistical conclusions, as demonstrated by the Durbin-Watson statistics of 2.082. This result is consistent with earlier research by Sulaiman, (2023).

5. CONCLUDING REMARKS AND RECOMMENDATIONS

Concluding remarks

The study's conclusions showed that, in contrast to ROA and ROE, which had little bearing on the performance of deposit money banks in Nigeria, DIVPO had a substantial and favorable impact on bank performance. Additionally, there is a negative correlation between ROA and NPL and a positive correlation between TA and GE with ROA, suggesting the potential for income-boosting earnings management. ROE has a negative correlation with TA, whereas NPLs and GE have a positive correlation with ROE, suggesting that banks engage in creative accounting when operational risk is elevated. The study's conclusion is significant to banks since it indicates that ROE will increase if shareholders' equity values decline. Consequently, bank ROE can be artificially increased by write-downs and share buybacks. Similarly, a large debt load can be used to artificially increase ROE. This is because a bank's shareholders' equity (as a percentage of total assets) decreases with debt, while a bank's ROE and ROA both increase with debt. Investors can also compute the change in ROE and ROA over a period by first figuring out the beginning ROE using the shareholders' equity value from the beginning of the period as a denominator. But because a bank with a high gearing ratio—that is, a high level of leverage must keep servicing its debt no matter how terrible its non-performing loans are, the bank is more susceptible to business cycle downturns. A bank's perceived level of risk increases with its level of leverage Sulaiman, (2023).

Recommendation

It is advised that deposit money institutions avoid the detrimental consequences of creative accounting by implementing a more principles-based accounting system in light of the study's conclusions. standard (IFRS 9) that will lessen the flexibility of accounting standards and prioritize ethical factors bank managers when selecting from several accounting techniques. This should raise the standard of bank financial statements as financial report falsifications will be significantly decreased.

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