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BOARD OF DIRECTOR'S ATTRIBUTES AND FINANCIAL REPORTING QUALITY: EVIDENCE FROM DEPOSIT MONEY BANKS IN NIGERIA

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ABSTRACT

This paper examines the effect of the board independence, size, managerial share ownership, the frequency of meetings, gender diversity and financial expertise on financial reporting quality of listed deposit money banks in Nigeria. Using 108 firm-year observations during the period 2006 to 2014 and utilizing descriptive statistics, Pearson correlation and Pool OLS regression, the result revealed that frequency of meeting has a positive and significant effect on financial reporting quality, gender diversity has positive but insignificant effect while financial expertise has a negative and significant effect on financial reporting quality. The board attributes of size, independence, and managerial share ownership have a negative but insignificant effect on financial reporting quality of deposit money banks in Nigeria. The paper recommends, among others, that the Central Bank of Nigeria (CNB) as the chief regulator of banks should review the corporate governance framework with a view to increase the board activity level, regulate for a minimal number of female directors and emphasize the issues of competence, diligence, commitment and ethics of members to the business of the board.

Key Words: Corporate Governance, Financial Reporting, Independence, Gender, Shareholders

INTRODUCTION

The quality of financial reports has been an issue of concern among regulators and other stakeholders, especially after fraudulent financial reporting and collapse of high-profile firms such as WorldCom and Enron in the United States in 2001 and 2002 respectively, OneTel in Australia, Parmalat in Italy, and Malaysia Airlines system in 2001. In Nigeria, the banking industry among others has also witnessed several cases of corporate failures some of which include Wema Bank Ltd., Alpha Merchant Bank Ltd, Savanna Bank Plc., Spring Bank Plc., among others. These failures were blamed on several reasons but fundamentally on unethical accounting practices by corporate management and poor corporate governance practices in the corporations (Wilson, 2006; Adewakun, 2010).

These corporate failures brought to the front burner the need to establish and maintain good corporate governance to protect particularly investors from the possibility of fraudulent accounting activities in corporations. In particular, regulatory authorities around the world began to evolve and implement frameworks on corporate governance following these scandals. For instance, the Security and Exchange Commission (SEC) in Nigeria set up a Peterside Committee on corporate governance in public companies in 2001. The Bankers' Committee also set up a subcommittee on corporate governance for banks and other financial institutions. In the US, the Congress enacted the Sarbanes-Oxley Act in 2002 in response to the phenomenon.

Corporate governance is regarded as the processes and structures by which corporations are directed and controlled to improve long-term shareholders value by enhancing corporate accountability while taking into account the interest of other stakeholders (Jenkinson & Mayer, 1992). Corporate governance is concern with ensuring credibility, transparency, and accountability in the business of entities including the process leading to financial information disclosure. According to (Lai & Bello, 2012), the quality of financial report depends on the existence of good corporate governance. Sanda, Mikailu and Garba (2005), Ogbechie and Koufopoulos (2007), Samaila (2014) and Kantudu and Samaila (2015) reveal that when the key element of corporate governance is not implemented, financial reporting quality is undermined.

The board of directors is seen as the core of corporate governance (Ogbechie & Koufopoulos, 2007). Thus, when companies fail, the board is often criticized for failing to fulfill its governance responsibilities. Klein (2002) opined board of directors as a governing body that is appointed to act and make strategic decisions on behalf of shareholders. Board attributes relate to the characteristics of the board of companies including size, independence, composition, managerial share ownership, CEO duality, meeting frequency, financial expertise, and gender diversity. The effectiveness of the board in ensuring financial reporting quality has been shown to be influenced by its attributes (Dabor & Dabor, 2015; Kantudu & Samaila, 2015).

Financial reporting quality entails full and transparent disclosure of information that does not mislead users (Jonas & Blanchet, 2000). According to the International Accounting Standard Board (IASB, 2008), providing high-quality financial reporting information is very vital, because it influences stakeholder's decision positively and enhances overall market efficiency. Similarly, Kieso, Weygandt and Warfield (2004) assert that disclosure and transparency principle demand that entities report their financial facts that have an effect on the judgment of users accurately. The Financial Accounting Standards Board (FASB, 2008) maintain that the major prerequisite for quality in financial reporting is the adherence to the objective and qualitative characteristics of financial reporting which comprises relevance, faithful representation, comparability, timelines, and understandability.

This paper examines the effect of the board of directors' attributes on financial reporting quality of quoted deposit money banks in Nigeria. In particular, the paper examines the effect of the board of director's attributes of independence, managerial share ownership, size, the frequency of meeting, gender diversity, and board members financial expertise on financial reporting quality. Accordingly, it is hypothesized that board of director's attributes (independence, managerial share ownership, size, the frequency of meeting, gender diversity, and board members financial expertise) has no significant effect on financial reporting quality of deposit money banks in Nigeria.

The previous studies on board of director's attributes and financial reporting quality are not without limitation that allows for further research. For instance, many consider board characteristics with little attention on board characteristics of frequency of meeting, gender diversity, and board members financial expertise (Hassan, 2011; Nugroho & Eko, 2011; Kantudu & Samaila, 2015). Similarly, most of the studies consider financial reporting quality from the quantitative dimension (Hassan, 2011; Imeokparia, 2013; Samaila, 2014;

Dabor & Dabor, 2015; Kantudu & Samaila, 2015), ignoring the qualitative. This current study measures financial reporting quality from the qualitative dimension following the IASB (2008) framework. The qualitative characteristics have a more direct relation to decision value and measure precisely decision variables of financial reports.

Also, the existing empirical works on board attributes and financial reporting quality shows mixed results. For instance, while Sanda, Mikailu and Garba (2005) found no evidence in support of the proposition that board attributes influences financial reporting quality, Salaudeen, Ibekunle and Chima (2015) and Kantudu and Samaila (2015), documented significance.

It is also notable that with regards to the code of corporate governance requirement, there are quite some differences in Nigeria compare with that of other countries. For example; concerning independence, the Nigeria Code of corporate governance for banks requires boards to be made up of a greater number of non-executive directors, whereas in countries like the US all board of directors members are required to be non-executive directors. With regards to meeting, at least four meetings are required in Nigeria while in Malaysia no stipulation is made to the number of board meeting in a year, yet in other environments, a minimum of four to six is required. Regarding board size, the CBN code of corporate governance framework (2006) stipulates a minimum of five board members and a maximum of twenty whereas in the United Kingdom some companies have as much as thirty-one board members or as few as three board members (Klein, 2002). This is to mention a few areas of disparity in the requirements in the Nigerian code of corporate governance with that of other countries. From an international perspective, it is worthy of note that the differences in country code of corporate governance provisions provides an opportunity to contrast the situation of developing countries like Nigeria for necessary policy re-direction. By and large, this paper gives direction on further research and policy changes by regulatory authorities towards enhancing financial reporting quality especially in the banking industry in Nigeria.

This article focuses on banks for a number of reasons. Deposit Money Banks (DMBs) play an overwhelming role in the development and growth of any economy. In developing economies like Nigeria, banks are the most important source of finance for the majority of the firms (James, 2012). Also, corporate governance is more pronounced in the banking industry than any other in Nigeria. In fact, the industry was the first to implement code of corporate governance.

LITERATURE REVIEW

A. *Board of Directors Attributes and Financial Reporting Quality*

There are several attributes of the company board of directors. However, the current paper is interest in the effect of the board independence, managerial share ownership, size, the frequency of meeting, gender diversity, and board members financial expertise on financial reporting quality. This section considers each of these attributes and shows how they influence financial reporting quality based on existing research findings.

1) *Board Independence and Financial Reporting Quality*

Board independence concerns the makeup regarding the ratio of executive and non-executive directors (Samaila, 2014). The CBN code of corporate governance provides that the number of non-executive directors should be more than the executive directors. Fama and Jesen (1983) opined that boards that are consisted of entirely or a greater number of non-executive directors provides shareholders with greater protection in monitoring the activities of management hence financial information quality.

Prior research on the association between board independence and financial reporting quality documented mixed results on the presence of higher number of non-executive directors. Hermalin and Weisbach (1991) reveal that the higher proportion of non-executive directors is negatively associated with financial reporting quality. In Romania, Gajevszky (2016) study of 50 non-financial companies found that board independence has negative effect on financial reporting quality. On the contrary, Beasley (1996) documented that the probability of financial statement fraud decreases with the increase of non-executive directors. Similarly, Dechow, Sloan and Sweeney (1996) reported that companies with greater number of non-executive directors on board are less likely to be subject to enforcement actions for violating United States GAAP. Also, Dabor and Adeyimi (2009) who examined the relationship between corporate governance and the credibility of financial statement of banks in Nigeria revealed that including non-executive directors on board is likely to enhance the credibility of the financial statement.

2) *Managerial Share Ownership and Financial Reporting Quality*

Managerial share ownership relates to managerial equity shareholding in a company. According to Samaila (2014), the agency theory holds that managerial equity shareholding encourages managers to act in a way that maximizes the value of the firm. In placing and pursuing their interest above that of shareholders, managers may manipulate accounting rules such that financial reporting quality is undermined. Warfield, Wild and Wild (1995) asserts that the interest of both shareholders and managers start to converge as the management hold a proportion of the firm's equity ownership.

Empirically, Samaila (2014) found that managerial share ownership significantly impacts on financial reporting quality of listed Nigerian oil marketing firms. On the other hand, Nugroho and Eko (2011) established a negative and significant effect between managerial share ownership and earnings management in Indonesian. Based on a sample of 426 non-financial firms listed on Bursa, Malaysia between 2000 and 2005; Hassan, Hashim and Devi (2008) found that a negative and significant relationship exists between managerial share ownership and financial reporting quality.

3) *Board Size and Financial Reporting Quality*

Board size is about the number of members on the board of a company. There is a debate in the literature regarding the composition of the board; one school of thought argues in favor of a large board while another hold otherwise. According to Bathula (2008), large boards face problems of social loafing and free riding. As board increase, free riding increase and reduces efficiency of the board. Jensen (1993) posits that small size board is efficient in decision-making due to greater coordination and less communication problems. The CBN revised code of corporate governance 2006 in Nigeria, stipulates a minimum of five board members and a maximum of twenty members. In countries such as the United Kingdom, there are companies with as high as thirty-one members on the board while other companies have as few as three board members (Klein, 2002).

The existing empirical works do not seem to resolve the theoretical argument regarding what board size (large or small) is adequate as results are mixed. Yermeck (1996) document that the higher the number of people on the board, the more efficient and diversified the board is thereby its ability to improve financial reporting quality. In Nigeria, the available streams of research tend to support smaller board size. In particular, Hassan (2011) and Dabor and Dabor (2015) reveal a significant negative association between board size and financial reporting quality. Also, Erene and Tehulu (2012) found out that board size is positive and significantly associated with earnings management. The study of Nugroho and Eko (2011) in Indonesia also reveals that board size has a negative and significant effect on earnings management as a measure of financial reporting quality.

4) Frequency of Meeting and Financial Reporting Quality

The board of director's attribute of the frequency of meeting is about the number of meetings held during the year. According to Vafeas (1999), the frequency of meeting of the board is an indication of its intensity of activity. There is a wide divergence in argument, and regulatory provision on the number of meeting that the board of a company should hold. For example, whereas Bathula (2008) opined that boards that conduct more regular meeting are likely to be more effective, Jensen (1993) maintain that it may not necessarily be so because the limited time affects meaningful exchange of ideas by members. Regulatory wise, the CBN code of corporate governance stipulates that board should meet regularly by holding a minimum of four regular meetings in each financial year (this excludes extra-ordinary meetings). In countries like Malaysia, the code of corporate governance does not stipulate any minimum number of meetings while in others a minimum of four to six is required. The work of Kantudu and Samaila (2015) documented a negative and insignificant relationship between board meetings and financial reporting quality.

5) Gender Diversity and Financial Reporting Quality

The board attribute of gender diversity is about the composition of the board in terms of male and female members. Bathula (2008) explain that board members should represent the societal strata of gender. The argument for gender diversity of the board is because the male and female sex exhibits certain attributes that are unique. For instance, the level of honesty of the two cannot be said to be equal. In fact, the female sex is often seen to be more honest and likely to compromise than the male sex. The male gender is dominant on the board of companies. Evidence shows that the female gender representation on boards is only 12.4 per cent in the US and 6.4 in the UK while the executive director's percentage is 2% in both countries (Singh & Vinnicombe, 2004). In recognition of the need to have fair gender representation on boards, in Norway, legislation was introduced in 2005 requiring public listed companies to have at least 40% of women on their board effective January 1, 2008 (Guardian Unlimited, 2006 in Bathula, 2008). This attribute of the board is advocated because it removes dominance of a particular group of individuals in decision-making (Hampel, 1998) and provides for representative and broader views in the decision-making process (Burton, 1991).

There is a strong theoretical argument in the literature on the fact that women representation on the board of companies will influence financial reporting quality, most empirical evidence shows the contrary. Spirollari (2012) study of 136 firms from S&P 500 index in the US during the period 2005 to 2009 indicated that gender diversity of the board is an insignificant driver of financial reporting quality. Also, Dobbin and Jung (2011) found no evidence to support the proposition that gender diversity influences financial reporting quality in the US. Similarly, in Nigeria, Damagun, Uba, Chima and Ibikunle (2014) study on women on corporate boards and financial reporting credibility shows that the presence of women on boards does not significantly improve the quality of the financial report.

6) Board Members Financial Expertise and Financial Reporting Quality

Financial expertise has to do with the question of whether or not board members have training and competence in accounting and finance. According to Reilly (2003) cited in Duztas (2008), board members should be knowledgeable in the three areas of governance, strategic business direction, and finance. It is recommended that the board should have financial expertise to exercise its monitoring role effectively. The available literature reveals that board financial expertise significantly improves financial reporting quality. In particular, Xie, Davidson and Dadalt (2003) found that board with corporate and investment banking background can deter earnings manipulation.

B. *Theoretical Framework*

This paper is based on the agency and stakeholders' theories. The agency theory was propounded by Alchian and Demsetz (1972) and later developed by Jensen and Meckling (1976). The theories are derived from the relationship between the shareholders (principal) and managers (agent) within the corporate setting. The theory holds that managers are engaged to administer the company on behalf of shareholders. Thus, managers are obliged to pursue the interest of shareholders above their personal and any other interest. Conversely, managers are self-interested inclined, therefore, may not necessarily make decisions that are in the best interest of the shareholders (Padilla, 2004). There is therefore, an inherent conflict of interest between managers who act as agent and shareholders as principal. To check managers from taking advantage of their position to pursue their self-interest which may be detrimental to shareholders, a monitoring mechanism such as the board of directors becomes necessary.

Freeman in 1984 pioneered the Stakeholders' theory. Freeman (1984) defined stakeholders as any group or individual who can affect or is affected by the achievement of the organization's objectives. The theory is based on the fact that apart from the interest of shareholders, corporations have a network of relationship to serve including suppliers, employees, host community, legislatures, financial analyst, press, among others. Freeman (1984) argued that the firm is a social person and therefore, is responsible and accountable not only to the shareholders but also to all other stakeholders. Based on the stakeholders' theory, there are different groups which the management need to ensure their interest, therefore, if there is no effective monitoring mechanism such as the board of directors, management bias will place some at a disadvantage. However, the board with the right attributes could ensure free and fair financial reporting that affords each stakeholder opportunity to realize their interest without undermining that of others.

The agency theory provides the most suitable theoretical explanation for this paper. This is because the board of directors is a crucial corporate governance monitoring mechanism on management activities. However, if the board is deficient in any of its attributes, it cannot effectively monitor management activities hence manipulations will prevail that will negatively impact financial reporting quality, thereby shareholders who rely on the information content as feedback on the operation of their companies.

METHODOLOGY

This paper sampled twelve DMBs quoted on the Nigerian Stock Exchange as at 31st December, 2014 over the period 2006 to 2014. DMBs were selected based on three criteria; a bank must be a national bank up to 31st December 2014, be publicly owned and have complete data on board attributes up to 31st December 2014. The base year 2006 was selected because the CBN revised code of corporate governance in 2006 introduced changes that strengthen the board as monitoring mechanism in banks. Data was extracted from published annual reports and accounts of DMBs which were available only up to 2014 at the beginning of the research. The focus on DMBs was because of banks crucial role of financial intermediation in the economy. Also, corporate governance was first introduced in the banking industry in Nigeria. The dependent variable is financial reporting quality proxied qualitatively using the IASB qualitative characteristics of relevance, faithful representation, understandability, comparability and timeliness as operationalized by Beest, Braam, and Boelens (2009). The paper choose to estimate financial reporting quality qualitatively because qualitative characteristics have direct relation on the decision value and measure precisely decision variables of financial reports (Beest, Braam & Boelens, 2009). The independent variable of the study is the board of directors attributes proxied by board independence, managerial share ownership, board size, the frequency of meetings, gender diversity, and board member financial expertise. For robustness, the control variables of firm size and firm age were introduced. The relevant model is specified thus:

$$FRQ_{it} = \beta_0+\beta_1 BI_{it}+\beta_2 MSO_{it}+\beta_3 FM_{it}+\beta_4 BS_{it}+\beta_5 GD_{it}+ \beta_6 FX_{it}+\beta_7 FS_{it}+\beta_8 FA_{it}+ e_{it} \qquad (1)$$

Where: FRQ = Financial Reporting Quality, BI = Board Independence, MSO = Managerial Shares Ownership, FM = Frequency of Meeting, BS = Board Size, GD = Gender Diversity, FX=Financial Expertise, FS=Firm Size, FA=Firm Age, B_0=parameter estimated (average amount of the dependent variable increase when the independent increase by one unit, other independent variables held constant), B_1–B_6= Partial derivatives of the independent variables, e= an error term assumed to satisfy the standard classical assumption, and $_{i,t}$ = firm, time.

The descriptive statistics, Pearson Correlation, and Pooled Ordinary Least Square Regression were employed to analyse the data.

RESULTS AND DISCUSSION

A. Descriptive Statistics

Table 1 presents the descriptive results.

Table 1: Descriptive Statistics

Variable	Minimum	Maximum	Mean	Stanadard Dev.
FRQ	2.97	4.59	3.733	0.350
BI	0.31	0.90	0.568	0.112
MSO	0	0.5	0.223	0.089
BS	7	20	14.15	2.680
FM	3	12	6.08	1.511
GD	0	0.28	0.18	0.159
FX	0.29	0.87	0.63	0.135
FS	4.88	10.13	7.12	1.391
FA	2	53	25.76	11.91

Source: From Annual Reports and Accounts of DMBs using Stata 12.0.

Table 1 indicates that there is high financial reporting quality in Nigerian banks as reveal by mean of 3.733 compare with mean bench mark of 3.00; the average proportion of board independence is 0.568 meaning that about 56.8% of the board members are non-executive directors. The mean of managerial share ownership of 0.223 signifies that management owns about 22.3% of banks shares which is moderately high, the mean board size of 14.15 means that Nigerian banks have an average of 14 members on their board. It is also clear that the boards of Nigerian banks meets averagely 6 times in a year, the mean of 0.18 associated with the variable gender diversity implies that averagely 18% of the boards of Nigerian banks consists of female directors, and about 64% of board members are financially knowledgeable. The descriptive results with respect to the control variables show that the banks had not less than 7.12 billion Naira in total assets, and an average firm age of 25.78 years. The associated standard deviation around the mean for all the variables shows elements of dispersion especially for firm age.

A. Correlation Result

Table 2 presents the correlation matrix of the variables

Table 2: Correlation Matrix

Variables	FRQ	BI	MSO	BS	FM	GD	FX	FS	FA	VIF
FRQ	1.000									
BI	-0.0383	1.000								1.37
MSO	-0.0911	0.0497	1.000							1.27
BS	0.0468	-0.4579	-0.0208	1.000						2.08
FM	0.2534	-0.2060	-0.3124	0.2140	1.000					1.26
GD	0.0177	0.0827	0.0871	-0.0541	-0.0304	1.000				1.06
FX	-0.0140	-0.2832	0.1080	0.5614	0.1392	-0.1874	1.000			1.71
FS	-0.0350	0.0060	0.2780	0.0079	0.1102	-0.0679	0.1722	1.000		1.60
FA	0.3389	-0.0817	-0.0963	0.4765	0.1086	-0.1131	0.3707	-0.4038	1.000	1.92

Source: Computed from the Annual Reports and Accounts 2006-2014.

The correlation results in table 2 shows that board size, the frequency of meeting, gender diversity and firm age are positively correlated with financial reporting quality, while board independence, managerial share ownership, financial expertise and firm size are negatively correlated with financial reporting quality. This signifies that there is positive relationship between the dependent variable and four of the explanatory variables. Two of the other explanatory variables have negative correlation with the dependent variable. The test of multicollinearity among the independent variables as represented by the VIF that range from 1.06 to 2.08 indicates absence of multicollinearity. This means that the finding of the study can be considered reliable.

A. Robustness Test

The validity of the statistical inference is dependent on the suitability of the study data. To ascertain the validity of statistical inference for the study, robustness test was performed. The tests conducted included normality, multicollinearity, collinearity, and heteroskedasticity tests. The normality of the data was determined through probability plot and histogram of standardize residuals. The probability plot and histogram of standardized residuals indicates a good fit and does not suggest the presence of any significant outliers among the regression standardized residuals. The result of the multicollinearity test conducted indicates the mean Variance Inflation Factor (VIF) of 1.53, meaning the predictive power of the independent variables is not adversely affected by any relationship amongst them. To test for collinearity problem, Variance Inflation Factor (VIF) test was performed. The result of the VIF test in table 2 does not suggest the presence of collinearity amongst the independent variables as the values ranges from a minimum of 1.06 to a maximum of 2.08 averaging 1.53. It is stated that VIF not exceeding 5.00 is a proof of absence of collinearity (Barde, 2009; Samaila, 2014). The result of the heteroskedasticity test with respect to the dependent variable (financial reporting quality) shows no presence of heteroskedasticity as the probability (p-value) of the chi-square is 0.1750 which is insignificant, but indicates existence of homoscedasticity; the ideal condition for the test.

To decide between the fixed or random effect of the OLS regression, Hausman specification test was conducted. Based on the result of Hausman specification of 0.000 which indicates a positive and significant correlation between the term error and regressor, the OLS random effect model was adopted.

B. OLS Regression Result

The summary Pooled OLS Regression model result:

FRQ= 3.3499-0.3854BI-0.1229MSO-0.02109BS+0.0456FM+0.0571GD-0.8203FX+0.0661FS+0.0254FA

(0.000*) (0.327) (0.765) (0.275) (0.045*) (0.793) (0.034**) (0.063*) (0.000*)

$R^2 = 0.3193$

Adjusted $R^2 = 0.229$

Prob. F(sign) = 0.0001

Note: **,* regression is significant at 10% and 5% significant level respectively.

The random effect regression model results shows adjusted R^2 of 0.2229, this implies that about 22.29% of total variation in financial reporting quality of listed deposit money banks in Nigeria is accounted by the board attributes of independence, managerial share ownership, size, the frequency of meeting, gender diversity, financial expertise and the control variables of firm age and size. This is instructive that the model is good and the explanatory variables are properly selected, combined and used since the substantial value of the financial reporting quality is accounted for by the independent variables.

The coefficient of board independence (BI) is -0.3853983 which is an indication that a negative relationship exists between board independence and financial reporting quality. The p-value of 0.327 exceeds the 10% significance level, therefore is premise to conclude that board independence has negative but statistically insignificant effect on financial reporting quality of DMBs in Nigeria. This finding concur with Nugroho and Eko (2011), Dabor and Dabor (2015) and Gajevszky (2016) but contradicts Dabor and Adeyemi (2009), Dimitropoulus and Asterious (2010), Abdoli, Shahri and Rahmani (2011), Hassan (2012) and Samaila (2014).

Managerial share ownership (MSO) has a coefficient of -0.122935 meaning it is negatively associated with financial reporting quality. The p value of 0.765 exceeds the chosen level of significance hence it can be concluded that managerial share ownership has negative but insignificant effect on financial reporting quality of DMBs in Nigeria. This result concurs with Hassan, Hashim and Devi (2008) and Dimitropoulus and Asterious (2010) but contradicts Samaila (2014), Kantudu and Samaila (2015) and Gajevszky (2016). The model also shows that the coefficient of the board attribute of size is -0.210889 indicating that board size is negatively related with financial reporting quality. The p-value of 0.27 is above the chosen significant level, therefore, it can be concluded that board size has no significant effect on financial reporting quality of deposit money banks in Nigeria. This finding reinforces Dimitropoulus and Asterious (2010), Nugroho and Eko (2011) and Dabor and Dabor (2015) but refutes Gajevszky (2016).

The board attribute of the frequency of meeting has a coefficient of 0.0456474 and p-value of 0.047 at the 0.05 level of significance. It is therefore, concluded that frequency of meeting has positive and significant effect on financial reporting quality. This finding is contrary to Xie *et al*. (2003) and Kantudu and Samaila (2015). The coefficient of the board attribute of gender diversity is 0.057195 implying a positive relationship exists between the variable and financial reporting quality. The p value of 0.793 however reveals the relation is not significant. This finding agrees with the earlier result by Debor and Tijjani (2010). The model further reveals that a negative and significant relationship exists between board members' financial expertise and financial reporting quality. This can be deduced from the variable coefficient of -0.8202875 and the associated p value of 0.034 at the 0.05level of significance. This finding is contrary to the submission of Park and Shin (2004) and Dabor and Dabor (2015) that firms' with more financial experts in their board are more likely to effectively monitor management financial reporting manipulative tendencies.

The result with respect to the control variables shows that both firm size and firm age has positive and significant influence on financial reporting quality of deposit money banks in Nigeria. This is inferred from the coefficient of 0.0661432 and 0.0253772 with associated p-values of 0.063 and 0.000 at 0.1 and 0.05 level of significance respectively.

CONCLUSION AND RECOMMENDATION

The increase cases of financial manipulation and fraudulent financial reporting by corporate management have not only resulted to the sudden collapse of corporations but significantly undermine the quality of information disclosed in financial statements thereby created a near loss of confidence and reliance on the information by users. Corporate board attributes has been argued as serving to play an important role in board of directors effectiveness as a corporate governance mechanism for monitoring corporate management against manipulative and fraudulent financial reporting practice. However, this paper establishes that the board of directors attributes of independence, managerial share ownership, size, and financial expertise matters less in promoting financial reporting quality but frequency of meetings and gender diversity do. It is implicit from the results that CBN as the chief regulator of the banking industry need not to only lay emphasizes on strengthening these board attributes but also give considerable attention to the competence, diligence, commitment and ethics of board members as these may have far reaching implications on financial reporting quality. This calls for further research into the effect of board members competence, diligence, and commitment as well as ethics to the business of the board on financial reporting quality.

Based on the results and conclusion, it is recommended that the CBN as the major regulatory authority of banks should review the code of corporate governance in the industry with a view to increase board of directors activity level, regulate on the minimal number of female directors on boards, and emphasize the issues of competence, diligence, commitment and ethics as fundamental attributes of board members while shareholders whose responsibility it is to appoint board of directors must consider carefully persons along these attributes before appointing them into the board of their companies.

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