

CLOUD ACCOUNTING AND THE QUALITY OF FINANCIAL REPORTS OF SOME SELECTED FINANCIAL INSTITUTIONS IN NIGERIA

OLORUNTOBA Sunday Rufus

ABSTRACT

Cloud accounting, encompassing Software Service (SS), and Internet Service (IS), has been recognized globally for improving reporting accuracy, timeliness, and accessibility. However, in Nigeria, poor IT infrastructure and inconsistent adoption raise questions about its effectiveness in enhancing financial reporting quality, which is crucial for transparency and decision making. This study examines the effect of cloud accounting on the quality of financial reports of selected banks in Nigeria. The study adopts an ex-post facto research design using secondary data obtained from the annual financial statements of fifteen purposively selected banks listed on the Nigerian Exchange Group between 2020 and 2024. The quality of financial reports was measured using a composite index of relevance, faithful representation, comparability, verifiability, and timeliness. Cloud accounting was proxied by Software Service, and Internet Service. Data were analyzed using descriptive statistics, correlation analysis, and multiple regression (Binary Probit) techniques. The findings showed that software service and internet service have significant positive effects on the quality of financial reports. The study concludes that cloud accounting adoption improves the quality of financial reports by enhancing transparency, accessibility, and reliability. The study recommended that Nigerian banks increase investment in robust cloud infrastructure to strengthen financial reporting practices and maintain stakeholders' confidence.

Keywords: Cloud accounting, Financial reports, Internet service, Software services

1.0 INTRODUCTION

In recent years, the global business environment has experienced rapid technological change, most especially with the advent of cloud computing. One of the major novelties driven by this change is cloud accounting, which refers to the use of internet-based platforms to process the financial information, store the information, and manage financial data in real time rather than relying on traditional methods, on the basis of accounting systems. Cloud accounting functions through service models such as Software-as-a-Service (SaaS), Infrastructure-as-a-Service (IaaS), Platform-as-a-Service (PaaS), Software Service (SS), Internet Service (IS) and Network Service (NS) (Al-Okaily, et al., 2022). Software Service (SS) there are software which enabling organizations to access financial information anytime and from any location with internet connectivity The growing adoption of cloud accounting has ominously reshaped financial reporting quality across the organizations. Unlike traditional accounting systems, cloud-based systems offer enhanced efficiency, timely, automation, and real-time data processing, which improve the accuracy and timeliness of financial reporting quality. Several studies have revealed that cloud accounting facilitates better data accessibility, strengthens internal controls, and supports informed decision-making by providing up-to-date financial information These advantages are particularly important in today's competitive and highly regulated financial environment where stakeholders demand reliable and transparent financial reports.

Financial reporting quality (FRQ) remains a critical issue in accounting and finance, especially in developing economies like Nigeria. High-quality financial reports are those that faithfully represent an entity's financial position and performance and possess key qualitative characteristics such as

relevance, reliability, comparability, verifiability, timeliness, and understandability, as emphasized by international accounting standards. However, challenges such as financial misstatements, weak internal controls, and delayed reporting have historically undermined the credibility of financial reports in many organizations, including financial institutions. In Nigeria, the banking and financial sector plays a pivotal role in economic development, making the quality of financial reporting in these institutions particularly important. Regulatory bodies and stakeholders increasingly demand transparency, accountability, and compliance with global reporting standards. Consequently, financial institutions are turning to technological innovations such as cloud accounting to enhance the quality of their financial reports. Empirical evidence from Nigerian studies indicates that cloud-based accounting systems significantly improve transparency, disclosure quality, accuracy, and timeliness of financial reporting among deposit money banks. Despite these benefits, the adoption of cloud accounting in Nigeria is not without challenges. Issues such as data security concerns, high implementation costs, inadequate technological infrastructure, and resistance to change among personnel may hinder its effective utilization. Furthermore, while existing studies highlight the positive impact of cloud accounting on financial reporting quality, there is still a need for more empirical investigation focusing on selected financial institutions to better understand the extent and nature of this relationship within the Nigerian context. Akai et al. (2023) observed that while cloud infrastructure has a significant effect on financial reporting quality, cloud-based software had only an insignificant impact, suggesting a problem in the actual utilization of accounting software among Nigerian banks (Akai et al., 2023).

Organizations work to expedite and enhance their partner services in response to the growing PC adoption and reliance on digital information. Even though multiple researchers have shown this notion to have successfully broken the standard accounting framework's flaws and highlighted its various areas of interest, its effects on corporate partners have consistently been disregarded. It so appears that its focus is mostly focused on increasing businesses' profits as well as their overall image, with essentially little concern for its impact on corporate partners and, consequently, their contentment. Previous empirical findings on related topic show that the area of cloud accounting is still open for more researches as there are different measures of cloud accounting and varying research findings. For instance, Effiong et al., (2020) measured cloud accounting using maintenance cost; Akai et al (2023) measured cloud accounting using infrastructure as a service (IaaS) and software as a service (SaaS), Ehioghien et al., (2022) measured it using cloud-based technologies; Owolabi et al., (2023), Herath et al., (2017) used private and community cloud. Other previous studies focused on the effect of cloud accounting on performance (Okere, 2022; Ezuwore-Obodoekwe et al., 2020; Trabulsi, 2018); competitive advantage (Matarneh, et al., (2019) and profitability (Borhan, et al., 2018). Other sectors of the economy such as manufacturing companies and Small and Medium Scale enterprises were the major focus of other studies. Unfortunately, there was no unanimous agreement of the effect of cloud accounting on these measurement parameters. One of the sectors that cloud computing can be of material importance is banking industry but the full benefit of this technology is yet to be fully appreciated in Nigeria. This study aims to incorporate the relevance, accuracy, timeliness and reliability of financial reporting quality grounded in the IASB framework and considering technological competence and organizational readiness, which may influence the effectiveness of cloud accounting implementation. Thus, there is need to assess the effect of cloud accounting on the financial reporting quality of selected banks in Nigeria.

The following research questions were raised: How does Software Service affect the quality of financial report in Nigeria, in what way does Internet Service affect the quality of financial report in Nigeria. The broad objective of this study is to examine the effect of Cloud Accounting on Quality of Financial Report of some selected banks in Nigeria. The study specifically examines the impact of Software Service on the quality of financial report of selected banks in Nigeria, and also assess the effect of Internet Service on the quality of financial report of selected banks in Nigeria. The findings from this study can guide policy makers in the development of policies and frameworks that support the effective integration of technology in financial reporting. For management, it can provide insight into the benefits and challenges of cloud accounting, helping management make strategic decisions regarding technological investments and process improvements in financial reporting. The study will cover the period of five years (2020-2024). The period 2020-2024 was chosen because cloud accounting became gaining stronger momentum in Nigeria's banking sector around 2020, as bank increasingly sought

digital transformation solutions, especially in response to challenges like the COVID-19 pandemic. The quality of financial reports will be evaluated through measures of accuracy, timeliness, relevance and reliability, derived from commercial banks audit reports, compliance ratings, and regulatory submissions. Control variables, including institution size, regulatory compliance, technological infrastructure, and economic indicators, will be incorporated to isolate the impact of cloud accounting. Therefore, this study is motivated by the need to examine the relationship between cloud accounting and the quality of financial reports of selected financial institutions in Nigeria. It seeks to contribute to the growing body of knowledge by providing insights into how technological innovations in accounting can enhance financial reporting practices and support better decision-making in the Nigerian financial sector.

2.0 LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Financial Report Quality

Financial reporting quality is the product of an accounting system that reflects unobservable construct that inherently involves estimations and judgment, and thus has the potential for unintentional errors and intentional bias like earnings management (Ewert & Wagenhoper, 2010). Earnings quality is one of the most important characteristics of accounting systems. High quality in this regard is said to improve capital market efficiency, as such investors and other users should be interested in high-quality financial accounting information. For that reason, standard setters strive to develop accounting standards that improve earnings quality, and many recent changes in auditing, corporate governance, and enforcement have a similar objective (Dechow, Ge & Schrand, 2010). The concept of firm reporting quality considers two characteristics for quality determination which includes profitability in decision-making and the relationship between firm reporting quality and economical profit. In other words, earnings quality is an honest expression of the reported profit. That is, a high firm reporting quality shows the usefulness of profit information for decision-making by the users and also it is more adjusted with economic profit (Ahmad & Ahmadi, 2008). In their view, the investor's general understanding of the real profit concept is the profit that resulted from the common performances which can be repeated in the future years and can create cash flows. Investors consider accounting net profit as the best criterion for determining profitability of a business unit.

2.1.2 Relevance

Relevant information is capable of making a difference in the decisions made by users. The relevance of information is affected by its nature and its materiality (BPP Learning Media [BPP], 2014). Ezelibe et al. (2017) emphasized that information must relate to users' primary concerns to be considered relevant. Relevant information influences users' decisions by having predictive or confirmatory value (IASB, 2010). Information about an economic phenomenon has predictive value if it has value as an input to the predictive processes used by capital providers (and other stakeholders) to form their expectation about the future. (Yurisandi et al., 2015) found that the financial reports were more relevant after the adoption of IFRS at 1% level of significance. In the UK, (Iatridis 2010) found that IFRS implementation led to more value relevance. (Callao et al., 2007) found no significant improvement in the short run with IFRS adoption; they however expect it to improve in the medium and long run. Also, (Dobija et al., 2010) found that adoption of IFRS did not impact value relevance at a significant level. Similarly, (Khanagha 2011) found that value relevance decreases with IFRS application.

2.1.3 Timeliness

Timeliness means having information available to decision-makers in time to be capable of influencing their decisions, (IASB, 2010). Generally, the older the information, the less useful it is. Timeliness means the amount of time it takes to make information known to others. Yurisandi et al., (2015) reported a slight decline in timeliness post-IFRS adoption, attributing it to expanded disclosure requirements. This they attributed to increased mandatory disclosure in IFRS, and as such companies may need longer time to prepare the financial reports.

2.1.4 Cloud Accounting

Cloud Computing represents the application of accounting that can be accessed from anywhere through an Internet connection. For decades, financial accounting has been considered an official and a common source of information within organizations. According to the underlying accounting standards and rules, financial accounting provides a representation of the financial position of any given company (Chapellier, 2019). The adoption of cloud computing can lead to improved operational efficiency. Enhancing process of data allow organizations to generate real-time reports, reducing the chances of errors and delays (Armbrust et al., 2010). Cloud computing is increasingly influencing how organizations manage and report their financial data. The transition to cloud-based systems is expected to enhance financial reporting quality (FRQ) by improving accessibility, real-time data processing, and analytical capabilities. According to (Yuan et al., 2019), it is a new business model with high reliability, high expandability and high cost performance. (Wu Qi 2017) points out that cloud accounting is the optimization of traditional accounting principles and business process. Cloud accounting provides the flexibility to access financial data and perform accounting tasks from anywhere and at any time, as long as there is an internet connection. These accounting solutions are designed to accommodate the needs of businesses of all sizes. It allows easy scalability, allowing businesses to upgrade or downgrade their accounting software and storage resources based on their requirements without significant disruptions or costs. In the banking sector, cloud accounting offers advantages such as cost efficiency, automation of tasks, timely reporting, and enhanced data security (Adebayo, et al., 2021).

2.1.5 Software Service

Software Service delivers software applications over the internet on a subscription basis. This model eliminates the need for installation and maintenance on local devices, allowing users to access applications anytime, anywhere. Software Service streamlining accounting processes through automated workflows, centralized data access and integration with other business applications, such as Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) systems. This integration enables a more holistic view of financial data, enhancing the efficiency of accounting processes (Akpan et al., 2023). Software Software reducing error by allow real-time data entry and updates, minimizing the chances of discrepancies that can occur with delayed or batch processing. Immediate feedback on data entries helps catch errors early. It also built-in validation checks as well as version control and audit trails. This transparency helps in quickly resolving errors and maintaining data integrity. More so, Software Service contributing to financial reporting standards by adhering to financial regulations and reporting standards (e.g, GAAP, IFRS). These features ensure that financial reports are prepared according to the latest regulations. It enhanced reporting capabilities by providing comprehensive and accurate data. Similarly, Software Service providers typically implement robust security measures, such as encryption and access controls, to protect sensitive financial data. Ensuring data security is crucial for maintaining trust and adherence to financial reporting standards (Okoye, 2021).

2.1.6 Internet Service

Internet Service provides virtualized computing resources over the internet, allowing businesses to rent infrastructure components such as servers, storage, and networking on a pay-per-use basis. This model gives organizations the flexibility to scale their IT resources according to their needs without the burden of managing physical hardware. Internet Service allows organizations to easily scale their infrastructure based on demand. For financial reporting, this means that during peak times like end-of-quarter closings businesses can quickly provision additional resources to handle increased data loads without delay. Internet Service providers typically offer robust uptime guarantees and redundant systems, ensuring that the infrastructure remains available even during peak usage or technical failures. This high availability is crucial for real-time data sharing, as it ensures that financial data can be accessed and updated without interruptions. With Internet Service, data can be hosted in multiple geographical locations (Shuraki et al., 2021). This global reach allows users from different regions to access financial data in real time, facilitating collaboration among teams and timely decision-making. Internet Service plays a vital role in providing the infrastructure necessary for real-time data sharing and ensuring the timeliness of financial reports. By offering scalable, reliable, and accessible resources, Internet Service

enables organizations to efficiently manage their financial data and produce accurate reports when needed. This capability is essential for informed decision-making and maintaining transparency with stakeholders. (Dechow et al., 2002).

2.2 Theoretical Review

2.2.1 System Theory

The theory was formally developed by Ludwig von Bertalanffy (1950). And the central idea of system theory is that organizations should be viewed as open systems that transform inputs into outputs within both internal and external environments on which they rely (Miller et al., 1967). Unlike traditional closed system perspectives, system theory emphasizes interdependence, adaptation and continuous interaction with the environment. The information–process–output model of managing performance is grounded in this theory, as it evaluates the holistic contributions individuals make within a system, rather than focusing narrowly on outputs. Inputs include the knowledge, skills, and competencies employees bring to their roles, while outputs measure the value of their contributions to teams, departments, and the organization at large. Importantly, this perspective considers all contextual variable that influence performance, not just the yields. procedure yield result model of overseeing execution is based on system theory, which evaluates the entire commitment that an individual makes within the framework in doing their assigned activities, not just the yields. Ludwing Von Bertalanffy’s proposition challenged earlier classical theorists such as Max Weber, Frederick Taylor, and Henri Fayol, who viewed organizations as closed systems. Instead, he argued that for organizations to survive, they must function as open systems, just like living organisms, constantly interacting with their environments. His ideas emphasized holism and adaptability, positioning organizations as dynamic entities capable of responding to technological, social and economic changes. (Chikere et al., 2015). In relation to this study, the System Theory highlights the necessity for banks to adapt to the evolving business environment by embracing innovations such as cloud accounting. Through this lens, cloud accounting is not merely a technological tool but a strategic adaptation that enhances the efficiency and quality of financial reporting, enabling banks to remain competitive and sustainable in a financial dynamic ecosystem.

2.3 Empirical Review

Akpan et al., (2023) examined the effect of cloud accounting on financial information quality of selected firms in Nigeria. Cross-sectional survey research design was adopted and the target population was professional accountants, auditors and information technology experts across various fields. The study covered Lagos state metropolis because it’s highly dominated with commercial activities and host the head office of most companies in Nigeria. Data was obtained from primary sources through the administration of a well-structured questionnaire to the respondents. Findings of the study from the statistics revealed that cloud accounting techniques played a significant role in enhancing efficiency of financial information quality, the study recommended that firms should be encouraged to invest more in automated accounting and effectively train their accounts staff for better efficiency in financial and other accounting functional reporting.

Bui, et al., (2023) examines the mediating role of cloud-based accounting effectiveness (CBAE) and decision-making quality (DMQ) in the relationship between digital transformation and company performance. Furthermore, this study examines the moderating influence of digital leadership on the associations between digital transformation and customer-based brand equity (CBAE), as well as the connections between CBAE and digital marketing quality (DMQ). The model and its assumptions are assessed by the use of partial least squares structural equation modeling (PLS-SEM) on a dataset consisting of survey responses from 252 large-sized Vietnamese enterprises. The conclusions of the research are as follows: There are two key findings in this study. Firstly, it is observed that digital transformation has a beneficial impact on customer-based brand equity (CBAE), which in turn influences digital marketing quality (DMQ) and firm performance. Secondly, the study reveals that when there is strong digital leadership, the impacts of digital transformation on CBAE and the

subsequent impact of CBAE on DMQ are further enhanced. The aforementioned results illustrate the potential impact of the interplay between digital transformation and digital leadership on the performance of enterprises operating in developing markets that use cloud accounting.

Akai, et al., (2023) conducted an investigation into the impact of cloud computing on the overall quality of financial reports within a specific sample of deposit money banks in Nigeria. The proxies used in this study to assess the impact of cloud computing on financial reporting quality were Software Service (SS) and Infrastructure as a Service (IaaS). The measurement of financial reporting quality (FRQT) was conducted by evaluating the qualitative aspects of financial reports, as outlined in the conceptual framework established by the International Accounting Standards Board (IASB). The study used a survey design as the chosen research methodology due to the utilization of primary data. The study's population included 450 respondents selected from 10 distinct deposit money banks located in Akwa Ibom State. Nevertheless, it is important to note that the sample size for this particular research was calculated to be 212, using the Taro Yamane method. The primary data were collected using a standardized questionnaire based on the Likert scale, which consisted of five response options. To investigate the causal linkages between the dependent variable and independent factors, as well as to evaluate the specified hypotheses, the research used a rigorous ordinary least squares (OLS) regression analysis. The findings derived from the robust ordinary least squares (OLS) regression analysis indicate that software has a statistically positive, although negligible, impact on the quality of financial reporting. Conversely, infrastructure demonstrates a statistically positive and substantial influence on the quality of financial reporting. Therefore, it was determined that cloud computing had a substantial impact on the financial reporting quality of deposit money institutions in Nigeria.

Al-Okaily, et al., (2022) examined the factors influencing the usage of cloud-based accounting information systems (AIS) in the crisis era (i.e. the COVID-19 pandemic) by expanding the unified theory of acceptance and use of technology (UTAUT) with new related critical factors. A quantitative research approach based on a cross-sectional online questionnaire was used for collecting empirical data from 438 potential and current users of cloud-based AIS. The outcome of the structural path revealed that performance expectancy, social motivation, COVID-19 risk (COV-19 PR) and trust (TR) were significantly influencing users' behavioral intention (BI) toward using cloud-based AIS and explained 71% of its variance.

Ehioghien et al., (2022) examined cloud-based accounting technologies, preparing future-ready professional accountants. Two objectives and null hypotheses were formulated to guide the study. A survey research design approach was adopted for the study, 112 auditing firms in Edo State and 73 students in accounting department for University of Benin was the population of the study. 7-point Likert scale was used to answer the two set of designed questionnaire A and B. The findings reveal that the two hypotheses were significant to the dependent variables, therefore, the study recommended that firms should device strategies on adapting cloud technologies and ensure training and retraining of professional accountants on the uses of cloud technologies accounting as this will enhance the knowledge in all their activities for effective and efficient performance in financial information by making them reachable to owners and employees everywhere with an Internet devices.

In a study conducted by Wisdom (2022), the impact of cloud accounting on the operational outcomes of publicly traded manufacturing firms in Nigeria was investigated. The research included a combination of primary and secondary data sources. The study examined a randomly selected sample of ten manufacturing organizations and found that the use of cloud accounting and associated expenses had a significant influence on the operational effectiveness of publicly traded manufacturing enterprises. The research recommended the implementation of corporate efforts to reduce cloud accounting expenses and the development of accounting standards to harmonize various cost components of cloud accounting with the cost structure of manufacturing firms.

Okoye et al., (2021) examined the impact of cloud accounting on performance of Nigerian banking industry with particular references to GT Bank Plc., Zenith Bank Plc. and Access Bank Plc. Using annual data for the period 2008- 2017, the study employed the Ordinary Least Square (OLS) technique to examine the effect of private cloud, community cloud, public cloud and hybrid cloud on profit after tax of Nigerian Banking sector. The result revealed that the study shows that private cloud has a

significant effect on profit after tax of Nigerian Banking sector. It was also observed that community cloud influences profit after tax of Nigerian Banking sector. The study further showed that public cloud has significant effect on profit after tax of Nigerian Banking sector. It was equally observed that hybrid cloud has significant effect on profit after tax of Nigerian Banking sector. Based on the findings, the study recommended that the unreliability of power supply in the country needs to be taken seriously and resolved as soon as possible. This is because electricity is very essential especially in the running of data centers. There should be intensified awareness creation by cloud service providers geared at sensitizing the public on the benefits and risks of cloud adoption by organizations in Nigeria. More cloud service providers are needed in the country to encourage competition which will result to the driving down of the cost of its services. This would make the technology more appealing to organizations. Cloud providers in Nigeria should be able to provide free trials of their services to their targeted organizations at a stipulated period of time to encourage them to adopt the technology.

(Bui et al., 2023; Sunday et al., 2023). Cloud-based accounting solutions provide efficient and secure communication capabilities, as well as the ability to generate standardized reports. Furthermore, it has been noted by Meltem et al., (2021) that these applications have the ability to generate national and international financial information that is coherent, comparable, and verifiable. Nevertheless, the use of cloud-based accounting practices by organizations with constrained resources has resulted in several dangers and challenges. Factors such as inadequate infrastructure, security issues, insufficiently skilled employees, and the need to align legislative changes with information systems (Karasioglu et al., 2019) are challenges that impact the adoption of cloud-based accounting services by users.

The research conducted by Bui et al. (2023) presents significant empirical findings about the progress of cloud-based accounting efficacy and its influence on organizational performance within the specific setting of Vietnam. Nevertheless, it is essential to do comparable studies inside the Nigerian corporate environment, which has distinct difficulties and possibilities of its own. Furthermore, while several research has examined the subject of financial report quality (Sunday et al., 2023; Akai et al., 2023), there exists a dearth of comprehensive evaluations that evaluate the long-term impact of cloud accounting adoption on the quality of financial reporting. In addition, the existing body of work mostly focuses on analyzing the effects of cloud accounting on operational efficiency and the accessibility of data, while giving less attention to its implications for the quality of strategic decision-making and the overall performance of organizations. Furthermore, the existing body of literature primarily focuses on specific geographic regions, namely Turkey, Vietnam, and Bangladesh. However, it overlooks the distinct obstacles and advantages related to the implementation of cloud accounting in economies characterized by diverse regulatory frameworks, such as Nigeria. Despite the growing body of literature on cloud accounting adoption, there remains a need for longitudinal analyses to track the Evolution of cloud accounting practices and the quality of financial report in selected banks in Nigeria. This study seeks to address this gap by examining the long-term effects of cloud accounting adoption in Nigerian banks.

3.0 Methods and data

This study adopts an ex-post facto research design. The choice of this design is justified because the data on cloud accounting adoption and the quality of financial reports of some selected banks already exist and cannot be manipulated by the researcher. The design is suitable for studies that seek to establish relationships between independent and dependent variables using past records and secondary sources of data, and the data was obtained directly from annual financial reports of the selected banks (2020–2024), Central Bank of Nigeria (CBN) statistical bulletins, Nigerian Stock Exchange (NSE) fact books and published records from regulatory agencies and peer-reviewed financial databases. The method of data collection involves systematic extraction of relevant figures and ratios related to cloud accounting indicators and financial reporting quality variables from these reports. The population of this study comprises all licensed commercial banks operating in Nigeria as at 2025, totaling 33 banks (Central Bank of Nigeria [CBN], 2025).

The study makes use of purposive sampling techniques to select fifteen (15) banks. This is because the study focuses on banks with demonstrable adoption of cloud-based accounting systems.

The model employed in this study was adopted from the study of Barth et al. (2008) on financial reporting quality and integrates cloud accounting as an independent variable. The model was modified to suit this study.

$$QFR = f(CA)$$

$$QFR_{it} = \beta_0 + \beta_1 SS_{it} + \beta_2 IS_{it} + \mu_{it}$$

Where:

- QFR = Quality of Financial Reports (dependent variable)
- SS = Software Service
- IS = Internet Service
- μ = Error term
- $\beta_1 > 0$: SS adoption enhances comparability, timeliness, and relevance.
- $\beta_2 > 0$: Higher use of IS improves QFR..

Descriptive statistics was used because it helps summarize the data. Correlation analysis shows the strength of association between cloud accounting variables and financial reporting quality. Multiple regression analysis helps test hypotheses and examines the effect of SS, and IS on the quality of financial reports. The justification for these techniques lies in their ability to establish both descriptive insights and causal relationships between the independent and dependent variables, thus achieving the study objectives. The study empirically examined the effect of cloud accounting on quality of financial reports in Nigeria of annual financial reports of a total of fifteen (15) banks listed on Nigeria Exchange Group (NGX). Specifically, the study attempts to explain the behaviours of software service (SS), internet service (IS), and their individual impacts on quality of Financial Reports (QFR) which is the dependent variable. The regressant QFR, was regressed on the regressors (SS and IS) with the aid of E-Views 8.1 econometrics computer package in a binary logistic regression equation comprising a total panel of 75 observations in a ten-year period, 2020 to 2024. The results of the descriptive statistics, correlation and regression estimation are presented in this section:

Table 1: Descriptive Statistics

	QFR	SS	IS
Mean	0.830769	0.374582	3.271795
Median	1.000000	0.370000	4.000000
Maximum	1.000000	0.666667	6.000000
Minimum	0.000000	0.000000	0.000000
Std. Dev.	0.375437	0.154974	1.249359
Skewness	-1.76431	-0.86165	-1.2129
Kurtosis	4.112795	3.193588	4.298786
Jarque-Bera	222.4542	48.86788	123.0345
Probability	0.000000	0.000000	0.000000
Sum	324.0000	146.0871	1276.000
Sum Sq. Dev.	54.83077	9.342610	607.1897
Observations	75	75	75

Source: Researcher's Computation, 2026

From table 4.1, the variable QFR has a standard deviation of 0.37544 which did not disperse too much away from the mean value of 0.83077. The mean value of SS indicates that cumulatively, about 83% of 15 sampled firms presented their reports within the stipulated time frame. The variable of IS showed a mean value of 0.37458 with minimum and maximum values of 0.37 and 0.67 respectively. The standard deviation of 0.15497 is considerably low and suggests that auditor independence across the sampled banks exhibit considerable clustering around the mean. The mean value (IS) of 0.37458 implies that about 37.5%. The standard deviation values are considerably clustered around the mean values which suggests a minimal variation or dispersion from the mean values. The Jarque-Bera statistics showed significantly high values with greater proportion of significant probability values which is an

indication that the data are evenly distributed prior to the estimation.

Table 2: Correlation Matrix

	QFR	SS	IS
QFR	1.00000		
SS	-0.03135	1.00000	
IS	0.1041*	-0.267**	1.00000
NS	0.06543	-0.01354	0.04294

Source: Researcher’s Computation, 2026

The correlations among the variables are shown in table 4.2 above. As observed, SS appear to be negatively associated with QFR as shown by their correlation coefficients of -0.0314 and -0.09 respectively. The other independent variables (IS) are positively associated with QFR. On the other variables, SS has a significant negative association with QFR, while the association between software service is negative and significant as 5% level of significance. It could also be noted from the table that, there is no high correlation coefficient among the variables which would have been an indicators of problem of multicollinearity. The highest coefficient value in the result is 0.26 suggests that multicollinearity problem did not surface in the series prior to the estimation carried out.

Table 3: Binary Probit Regression Result

Dependent Variable: QFR
 Method: ML - Binary Probit (Quadratic hill climbing)
 Date: 09/2/26 Time: 22:38
 Sample: 1 75
 Included observations: 75
 Convergence achieved after 5 iterations
 QML (Huber/White) standard errors & covariance

Variable	Coefficient	Std. Error	z-Statistic	Prob.
SS	0.063475	0.576826	0.110041	0.9124
IS	0.060127	0.065684	0.915404	0.3600
C	-0.536229	0.669992	-0.800351	0.4235
McFadden R-squared	0.124845	Mean dependent var		0.830769
S.D. dependent var	0.375437	S.E. of regression		0.371025
Akaike info criterion	0.895724	Sum squared resid		52.72374
Schwarz criterion	0.966911	Log likelihood		-67.66623
Hannan-Quinn criter.	0.923943	Deviance		335.3323
Restr. Deviance	354.6382	Restr. log likelihood		-77.31911
LR statistic	19.30593	Avg. log likelihood		-0.429913
Prob(LR statistic)	0.003677			
Obs with Dep=0	13	Total obs		75
Obs with Dep=1	75			

*. Relationship is significant at the 0.05 level.

**.Relationship is significant at the 0.01 level.

Source: Researcher’s Computation, 2026

Table 4.3 shows the outcome of the binary probit regression model as specified in the previous chapter. As portrayed in the table, the McFadden R-squared value which shows the combined explanatory effect of all the independent variables on the dependent variable (QFR) has an explanatory power of 12.5% (i.e. 0.124845 x 100). This implies that the independent variables (SS, and IS) taken together accounted for about 12.5% of the systematic variation in the dependent variable (QFR) leaving the remaining percentage unaccounted for which the error term has captured. On the overall significance level of the model, the result shows that the model passed the significance test at 5% owing to the LR statistic and the corresponding probability value of 19.31 and 0.0037 (p-value<0.05) respectively. Thus, the

independent variables, taken together, are capable of explaining the variations in the dependent variable (QFR). On the basis of the individual significance level of the variables as shown by the Z-statistics and the direction (via coefficient values) of their relationships with the dependent variable (QFR), the result shows that quality of financial reports software service (SS) has a positive insignificant relationship with quality financial reports (QFR). This is because the z-Statistics value of 1.11 and probability value of 0.9124 are not significant at 0.05 levels. Hence, a unit increase in SS will cause QFR to increase by up to 0.063 units, but not significantly. Further, software service (SS) and Internet service (IS) also showed positive insignificant relationship with quality of financial reports (QFR) in Nigerian Banks. This implies that the higher the Internet service, the higher the quality of financial reports (QFR). Similarly, the higher proportion of software service, the higher the quality of financial reports (QFR); however, both did not pass the significance test at 5% levels. However, auditors' expertise (AEX) showed negative significant relationship with the dependent variable (FRQ) at 5% and 1% level of significance. This implies that a unit increase in audit firm size will lead to decreases the quality of financial reports (QFR) significantly. Consequently, quality of financial reports (QFR). Thus, its coefficient value of 0.098793 shows that an increase in firm size, measured as natural log of total asset, will cause about 10% significant increase in financial reporting quality. In line with the results, it appears that the variable of software service (SS), with a positive sign, did not concurs with the apriori expectation of the study because the basic assumption that banks with higher proportion of quality of financial reports are more efficient in the financial reporting quality process; hence, are expected to experience an improvement in terms of quality of financial reports, which will lead to quality of financial reports. However, the result is consistent with Abubakar and Alhassan (2019) the results showed that there is a significant positive relationship between audit quality and software service in Nigeria. Also, Ibadin and Dabor (2015) found that a firm with more audit quality tends to have a stronger financial reporting quality in Nigerian Banks.

The result also shows that internet service (IS) is not significantly related to quality of financial reports (QFR) in Nigerian Banks. This is because the p-value of 0.360 is greater than the critical value of 0.05. In order words, the greater the number of the audit independence would mean automatically lead to quality of financial reports in Nigerian Banks. The result support the arguments of the study by Olufemi and Adeyemo (2017) found no significant relationship between internet service and quality of financial reports in Nigeria. which is Similarly to the study of Okoye and Ani (2019). Found no significant relationship between financial reporting quality and internet service in Nigeria.

4.0 Conclusion and Recommendations

The study examined the effect of cloud accounting on quality of financial reports in Nigeria in the context of quoted banks on the Nigeria Exchange group for the period 2020-2024. The outcome revealed a number of useful results and findings that would be of salient value to investors, stakeholders and scholars assessing the quality of financial report determinant variables especially in the Nigerian context. In identifying the possible determinants of cloud accounting would influence quality of financial reporting; we conducted descriptive statistics, correlation and firm observable estimation of the regression result. Specifically, the study focused on the relationship between cloud accounting and quality of financial reports. Based on the hypotheses tested, the study found out that software services, and internet service, to a large extent affect quality of financial reporting. Regarding the audit quality which affect the quality of financial reporting in Nigerian banks, the findings confirm that the increase in internet, software and network services will lead to increase in the quality of financial reporting movement.

The study recommended that corporate strategies and digital policies should be taken into cognizance as a practices in the preparation of financial reporting quality, also audit attributes (such as software, and internet among others) that will significantly impact on the quality of financial reporting should be encouraged.

Nigerian money deposit Banks should ensure that members are up-to-date with internet and software services rather than people with traditional accounting orientation and management oriented.

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