

**IMPACT OF FINANCIAL INFORMATION ON INVESTMENT
DECISION MAKING IN THE NIGERIAN BANKING SECTOR.**

By

ATUNLESE OLUWATUNMISE DAVID

MATRIC NO: 16020101009

**A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF
ACCOUNTING AND FINANCE, MOUNTAIN TOP UNIVERSITY, IN
PARTIAL FULFILMENT FOR THE REQUIREMENTS FOR THE
DEGREE OF BACHELOR OF SCIENCE (B.Sc. HONS)**

OCTOBER, 2020

DECLARATION

I hereby declare that this project report written under the supervision of Mr. Olurin Enitan is a product of my own research work. Information and data obtained from various sources have been rightly acknowledged in the text and list of references provided. This research project report has not been previously presented anywhere for the award of any degree or certificate.

ATUNLESE OLUWATUNMISE DAVID

DATE

DEDICATION

This project is dedicated to God Almighty for his faithfulness, tender mercies, loving kindness, good health, sound mind, provision, wisdom and understanding during the period of this project.

CERTIFICATION

This is to certify that this dissertation work titled ‘Impact of Financial Information on Investment Decision Making in the Nigerian Banking Sector’ was carried out and submitted by ATUNLESE OLUWATUNMISE DAVID with matric number: 16020101009 and has been supervised and accepted by the Department of Accounting and Finance, College of Humanities, Management and Social Sciences, Mountain Top University, Magboro, Ogun State in partial fulfilment of the requirements for the award of Bachelor of Science (B.Sc.) Degree in Accounting.

Mr Olurin Enitan.

Supervisor

Signature

Date

Dr. Omokehinde

Head of Department

Signature

Date

ACKNOWLEDGMENTS

I appreciate God Almighty for the gift of life, good health, sound mind and divine provision throughout the period of my course of study and for this research work. Indeed my Redeemer is strong.

My sincere appreciation goes to my parents, Dr. and Mrs Atunlese. I am certain that I would have dropped out of school, if not for your prayers and your support financially, morally and spiritually. I also appreciate my brothers and sisters in the persons of Juwon, Fisayo, Jemi and Bosola. All of your prayers and support all round made me to strive through the hardest times of this journey to the finishing line successfully.

My appreciation goes to my Supervisor Mr. Olurin Enitan for his guidance and time throughout the period of the research work. My profound gratitude goes to the Mountain Top University Management for their support and time given to me to do this Bachelor's Degree, without which I would not have been able to complete this programme within the record time.

I also appreciate the Dean of College of Humanities, Management and social sciences, Dr. O. J Akinyomi and the former Head of Accounting and Finance department, Prof. Owualah Ekeobasi and the new Head of Accounting and Finance department for their contributions and suggestions. My appreciation also goes to all my lecturers; Mr. A. T. Taleatu, Dr. P. Onichabor, Mr. Samuel and the amiable Dr Mrs. Joshua Abimbola for lecturing me during the course of this programme. I also appreciate all the staff in the college for their various supports.

I also want to appreciate my colleagues and friends who have one way or the other contributed to the success of this research work.

I want to specially thank the chaplaincy unit of the school and most especially Pastor Olumide Adeshina, Dr Young Ademola, Pastor O. Tanimowo and Mr. Francis for all your prayers and purposive guidance at all times of studentship at the university. My appreciation also goes to God's own heritage people, my wonderful pastor, Mr Ayeni Tayo and the church in whole for their prayers.

God bless you all.

ABSTRACT

This study aims to examine the impact of financial information on investors' decision making in banks in Nigerian banking sector. The data for the study were extracted from published annual reports of five selected banks in Nigeria from 2010 to 2018. Coefficients table and regression analysis were deployed to establish the relationship between the variables. The results revealed a positive relationship, depicting a statistical significant relationship between profit after tax (proxy for investment decision) and earnings per share. Indicating a significant influence on investment decision of shareholders of banks in Nigeria. The study recommends that both existing and prospective investors can factor financial information relating to earnings per share (EPS) while making investment decision in shares of Nigerian banks; as earnings per share is positively correlated with investment decisions of shareholders correlated with profit after tax.

Keywords: *investors, decision making, financial information, Banks, ROA, ROE, EPS*

List of Tables

Table 4.1: Model 1 Summary	32
Table 4.1 (b): ANOVA	32
Table 4.1 (c): Coefficients	32
Table 4.2 (a): Model Summary	33
Table 4.2 (b): ANOVA	33
Table 4.2 (c): Coefficients	34
Table 4.3 (a): Model Summary	34
Table 4.3 (b): ANOVA	34
Table 4.3 (c): Coefficients	35
Table 4.4 (a): Model Summary	35
Table 4.4 (b): ANOVA	36
Table 4.4 (c): Coefficients	36

TABLE OF CONTENTS

IMPACT OF FINANCIAL INFORMATION ON INVESTMENT DECISION MAKING IN THE NIGERIAN BANKING SECTOR.....	i
DECLARATION.....	ii
DEDICATION.....	iii
CERTIFICATION	iv
ACKNOWLEDGMENTS.....	v
ABSTRACT.....	vi
LIST OF TABLES.....	vii
CHAPTER ONE.....	1
INTRODUCTION.....	1
1.1 Background to the Study.....	1
1.2 Statement of the Problem.....	2
1.3 Research Questions.....	4
1.4 Objectives of the Study.....	5
1.5 Research Hypotheses.....	5
1.6 Significance of the Study.....	5
1.7 Scope of the Study.....	6
1.8 Operational Definition of Terms.....	6
CHAPTER TWO.....	8
LITERATURE REVIEW.....	8
2.1 Preamble.....	8
2.2 Conceptual Review.....	8
2.2.1 Concept of Financial Information (Financial Statement).....	8
2.2.2 Concept of Reliability of Financial Information	12
2.2.3 Concept of Credibility of Financial Information	14
2.2.4 Analysis of Financial Statement.....	16
2.2.5 Investment in the Financial System.....	19

2.2.6	Financial Information and Investment Decision.....	20
2.2.7	Conceptual Framework Diagram.....	21
2.3	THEORETICAL REVIEW.....	22
2.3.1	Residual Equity Theory	22
2.3.2	Earnings per Share Theory	23
2.3.3	Prospect Theory.....	23
2.3.4	The Modern Portfolio Theory	24
2.4	Empirical Review.....	27
2.5	Gaps in Literature.....	29
	CHAPTER THREE.....	30
	METHODOLOGY.....	30
3.1.	Preamble.....	30
3.2.	Population of the Study.....	30
3.3.	Research Design.....	30
3.4.	Source of Data.....	31
3.5.	Sample size and Sampling Technique.....	31
3.6.	Study Variables.....	31
3.7	Method of Data Analysis.....	31
3.8	Model Specification.....	32
	CHAPTER FOUR.....	33
	DATA PRESENTATION, ANALYSIS AND INTERPRETATION.....	33
4.1	Preamble	33
4.2	Results.....	33
4.3	Hypotheses Testing.....	34
4.3.1	Hypothesis 1.....	34
4.3.2	Hypothesis 2.....	35
4.3.3	Hypothesis 3.....	36

4.4 Overall Multiple Regression.....	37
4.5 Discussion of Findings.....	39
CHAPTER FIVE.....	40
SUMMARY, CONCLUSION AND RECOMMENDATION.....	40
5.1 Summary.....	40
5.2 Conclusion.....	41
5.3 Recommendations.....	42
References.....	43
APPENDIX.....	

