ISSN 2278-2540 | DOI: 10.51583/IJLTEMAS | Volume XIV, Issue I, January 2025

Digitalization of Accounting Practices and Financial Reporting Quality: The Experience of Professional Accountants in Nigeria

Abdullahi Mohammed Ndakutigi*[1]& Ejike Sunday Okoroigwe, PhD[2]

[1]*Department of Accountancy, Niger State Polytechnic Zungeru, Nigeria*

[2]*Department of accounting, Ibrahim Badamasi Babangida University Lapai, Niger, Nigeria*

***Correspondence Author**

DOI : https://doi.org/10.51583/IJLTEMAS.2025.1401030

Received: 18 January 2025; Revised: 01 February 2025; Accepted: 04 February 2025; Published: 18 February 2025

Abstract: This paper examines the effect of digitalization of accounting practices on financial reporting quality in Nigeria. A web-based self-completing questionnaire (Google form) was used to gather primary data from a sample of 372 registered and active members of Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN). A survey research methodology was used. A total of 352 completed questionnaires were utilised for analysis. Software such as SPSS and SPSS AMOS were used to analyse the data. The findings showed that artificial intelligence significantly and favourably affects the quality of financial reporting. On the other hand, the study shows that blockchain technology has negative and insignificant impact on quality of financial reporting in Nigeria. This implies that in order for accountants to remain relevant in the accounting profession they must urgently abreast themselves with these emerging technologies. The paper recommends that entity managers should give top priority to implementing and incorporating of cutting-edge digital technology, such as artificial intelligence, into their accounting procedures. Accounting professionals are also encouraged to keep up with the latest developments in digital tools and technologies that can improve the quality of their work and financial reporting. Policymakers should create and enforce rules and regulations that promote the use of digital tools and technologies in accounting practices. Finally, stakeholders should continue to be receptive to the possibilities of block chain technology and stay up to date on any advancement that may affect its usefulness in financial reporting.

Keywords: Digital Accounting, Artificial Intelligence, Blockchain Technology, Financial Reporting Quality.

I. Introduction

Producing useful information for making an informed decision among stakeholders is among the main goals of financial reporting and accounting. The quality of accounting information presented in financial reports is crucial for all management since it is the only way for shareholders, potential investors, and other third parties to remain informed about the activities and performance of the companies (Olumide, Tanko & Nyor, 2016). High-quality financial reporting is increasingly more important given the present status of the economy, as mono economies like Nigeria and emerging market nations struggle with the unpredictability of fluctuating oil prices and currency rates. According to Owolabi, Okere & Adeleke (2020), "Accounting information system is essential to a company's smooth operation and to complex economic decisions". Since a lot of economic decisions rely on data from accounting information systems, it's critical to evaluate, preserve, and enhance financial reporting quality.

The main aim of financial reporting, as stated by the International Accounting Standards Board (IASB) (2008), is to offer decision-makers reliable and accurate accounting information about companies. This enables capital providers and other stakeholders to make informed decisions regarding financing, investments, and other similar allocations, ultimately benefiting the overall market efficiency. Therefore, the availability of high quality financial reporting data is crucial. Furthermore, financial statements that include non financial information useful for decision making are considered to be a part of such high-quality financial reporting. According to Hasan (2023), "the quality of financial reporting is significantly impacted by the information presented in the financial report, particularly in the notes that go with it". When evaluating the financial situation and economic activity at the conclusion of the reporting period, high-quality reports provide pertinent and helpful information.

Additionally, according to IASB (2008) and Okoroigwe, Umar, Umar, Mohammed, & Yusuf, (2021), the two primary indicators of the quality of corporate information regarding accounting standards are reliability and relevance, which make the information pertinent for decision makers, as well as the enhancement of qualitative attributes like timeliness, comparability, verifiability, and understandability. Therefore, the effect that improved quality would have on an entity's potential future performance—more especially, how the stock market will react to it—is at the heart of one of the main arguments over the quality of financial reporting.

According to Okoroigwe, Gabriel, Umar, & Ndagi, 2022), today, an organization's digital competence is critical in the present competitive market. Digital technology is changing quickly, making businesses more competitive and requiring them to grow quickly and precisely. Technology is no longer an optional component in the present world of economic unification; rather, it is a basic corporate strategy. Benefits of digital transformation that can help a business grow and increase its chances of success include

ISSN 2278-2540 | DOI: 10.51583/IJLTEMAS | Volume XIV, Issue I, January 2025

improved collaboration involving both more staff creativity and productivity, more tailored consumer interaction tactics including both inside and between economic units, and more accurate data-driven insights (Hasan, 2023; Okoroigwe, et al., 2022).

The accounting industry has been impacted by the considerable advancements in artificial intelligence (AI) (Ke-afoon, 2023). AI is defined by Davenport and Ronanki (2018) as the technical and scientific study of creating intelligent robots, especially smart computer programmes that enable computers to comprehend human cognition. Among the fields where AI has had a significant impact are accounting, auditing, and financial reporting. To be more productive and efficient in their everyday work, accounting professionals are starting to embrace automation fields. As a consequence, accounting, auditing, and financial reporting systems are evolving and using computer-based formats. Ke-afoon (2023) states that "As accounting databases are becoming bigger, incorporating AI concepts is essential to reducing the likelihood that the existing system would encounter issues. In a similar spirit, blockchain technology is expected to open up new opportunities for the accounting sector."

The Institute of Chartered Accountants of England and Wales (ICAEW) (2018) assert that blockchain is fundamentally an accounting technology. This assertion is based on the notion that blockchain technology might be useful for precisely recording financial and non-financial data as well as for transferring asset ownership. The ICAEW (2018) claims that blockchain might improve the accounting industry by giving complete control over asset ownership and history and lowering expensesassociated with ledger maintenance and reconciliation, and enabling more efficient bookkeeping and reconciliation procedures. According to Ernst and Young (2016), the potential value of real-time financial reporting and audits is increased since all transaction data is maintained in current, immutable, and historical distributed ledgers. Blockchain may make it possible for auditors to examine every transaction without ever having to use a random sample.

Consequently, studies have provided evidences on the correlation between e-accounting practices and the current state of financial report quality. For instance, how artificial intelligence affects the calibre of financial reporting; Al-Sammarraee and Alshareeda (2021) in Bahrain, Aljinovic and Bilic (2021) in Croatia, Abdullah et al. (2021) in Jordan, Ke-afoon (2023) in America had provided results showing correlation between e-accounting practices and financial report quality. All these studies are foreign thereby creating a geographical gap to investigate further in different location using different subjects.

Also, blockchain technology and, studies reviewed indicated a mixed result. Alkafaji et al. (2023), Alshanti and Elessa (2023), Han et el. (2023) all reported significant positive correlation between blockchain technology and quality of financial report. On the other hand, Cadiz et al. (2022), Siyue (2022) reported a contrary view. These divergence views have created empirical evidence gap for this study to analyze further using different methodology. This study is different from previous studies in terms of population, location and data collection procedure.

II. Literature Review

Conceptual Review

Financial Reporting Quality

The official method of informing interested parties about a company's financial activity is via financial reporting. Financial reporting, according to Johnson and Festus (2021), is a way of informing shareholders and other consumers of such information to make judgments about the financial state of an entity's activities in the previous year. Stated differently, it is the method by which an organisation shares its financial performance that has been produced and presented in accordance with standard practice, giving shareholders and other interested parties, the chance to evaluate the organization's performance and make choices (Okoroigwe et al. (2021). It is widely acknowledged that it is considered imperative to possess a crucial instrument for any form of participation in the market, as it serves to mitigate uncertainty and discord among all parties concerned (Olufemi et al., 2021).

The concept of financial reporting quality is widely comprehended to encompass the delivery and revelation of both financial and non-financial data that is indispensable for users to render well-informed choices (Okoroigwe, et al., 2021). It is held that the worth of accounting information, contingent upon the employed information system, has an impact on the excellence of financial reporting (Olufemi et al., 2021). High-quality financial reporting is thus necessary to improve market efficiency and help users make investment choices (Olufemi et al., 2021). Therefore, in order to provide the necessary data that will be pertinent and trustworthy for users' decision-making, the implementation and use of proper technology to an entity's accounting information system is important (Olufemi et al., 2021).

Financial Reporting Quality Indicators

The primary and secondary qualitative features of financial information as outlined in the IASB's financial reporting framework are used to assess the dependent variable of this study, financial reporting quality. Relevance, consistency, dependability, comprehensibility, and comparability are some of the most prominent reporting quality indicators (Okoroigwe, Ukagha, Abalaka, Ibrahim and Shaba, 2021; Asukwo and Enobong 2023; Hassan, 2023).

Relevance is defined as the effectiveness of financial data and reports as well as their capacity to offer adequate and pertinent information to support decision-making, with the goal of ensuring that this information is appropriately presented, timely, and deemed suitable for use in making decisions (Okoroigwe, et al. 2021).

ISSN 2278-2540 | DOI: 10.51583/IJLTEMAS | Volume XIV, Issue I, January 2025

Reliability is the capacity to depend on something. If accounting data is impartial and error-free, it may be considered dependable. (That is, faithfully represented and verifiable) (Okoroigwe, et al., 2021; Hassan, 2023). When an organization employs a fixed accounting procedure from one period to the next without modification, consistency is attained.

Understandability: This attribute aids in assessing the importance the data provides to the user of accounting information contained in the financial reports and their contents (Okoroigwe, et al. 2022).

Comparability: This function enables decision-makers using financial reports to assess accounting data over several periods (Okoroigwe et al. 2021).

Digitalization of Accounting Practices

The modern world is undergoing immense change at an accelerating pace, which has a variety of effects on people, organizations, and communities (Olufemi et al., 2021). The introduction of new technologies, which often offer a wealth of potential advantages, is one of the most significant developments (Olufemi et al., 2021). Due to the phenomenon of globalization, it has become imperative for business entities to cultivate information systems that possess prompt responsiveness and sufficient efficiency in order to furnish timely, precise, and reliable business information for the purpose of bolstering decision-making (Olufemi et al., 2021). This is because business value chain activities are changing at a faster rate than ever before (Olufemi et al., 2021). However, commercial markets and users of business information require procedures and circumstances to improve the reporting process's speed, accuracy, and openness since users of accounting and conventional financial reporting continue to distort facts and lack proper analysis. Thus, it is essential to establish a number of suitable corporate reporting systems in order to address these issues (Borhani et al., 2021). As a result, any company that wants to process, communicate, and distribute cutting edge financial information continuously and sustainably must apply information strategies for accounting information systems that are designed to enhance productivity and also maintain business processes.

Asukwo and Enobong (2023) characterize advanced accounting as the age, portrayal, and move of monetary information in an electronic manner as opposed to using traditional paper techniques. Each accounting exchange happens electronically, and pertinent computerized advances are utilized to make monetary reports. In this activity, an organization of PCs processes monetary exchanges. Essentially, Oladejo and Yinus (2020) characterized computerized accounting as any accounting framework that utilizes ICT application apparatuses and gadgets to gather, record, process, investigate, and spread data about monetary transactions and accounting exchanges for stakeholders to make sound judgment. Therefore, this study utilized online accounting (distributed computing), blockchain innovation (BCT), man-made reasoning (artificial intelligence, AI), to show the presence of an e-Accounting framework. The coherent and physical objects, information, programming, equipment, rules, processes, ranges of abilities, and obligations interacting to robotized organization financial reporting capabilities is known as digital accounting Oladejo and Yinus (2020).

Indicators of Digital Accounting

The adoption and use of the following digital mechanism by the organization's accountants to generate financial reports will serve as the measurement tools for this study's independent variable, the digitalization of accounting practices as adopted from Ke-afoon (2023), Borhani et al. (2021), Hassan (2023), Asukwo and Enobong (2023).

Artificial Intelligence (AI)

A computer or piece of software that can exhibit behavior that is indistinguishable from that of the human brain is referred to as artificial intelligence (AI) (Oladejo and Yinus, 2020). These days, a lot of software comes with expert knowledge preinstalled and has the ability to "learn" how to enhance its own operations and output (ACCA, 2013). Bots, or software agents, are all over the internet. They imitate human behavior by learning, making choices on their own, and interacting with one another. AI has ramifications for business and practice (ACCA, 2013). While smart systems, bots, and other AI technologies might be beneficial, they can also provide possibilities and difficulties for accountants.

Blockchain Technology

A blockchain is an electronic record that has been designed to document transactions occurring within a network involving various participants (Nielson, 2023). It functions as a distributed ledger, utilizing the Internet and a peer to peer system, which maintains a comprehensive record of all transactions since its inception (Nielson, 2023). Each user within this shared database is regarded as a "node" linked to the blockchain, whether it is owned by a person or an organisation, thereby retaining a singular version of the ledger (Oladejo and Yinus, 2020). Each addition of a transaction to the blockchain represents an exchange of value between the involved parties, typically in the form of a digital asset indicating ownership, rights, or responsibilities (Nielson, 2023).. Various blockchains are presently being created and scrutinized, although the majority adheres to this overarching structure and methodology (Nielson, 2023).

ISSN 2278-2540 | DOI: 10.51583/IJLTEMAS | Volume XIV, Issue I, January 2025

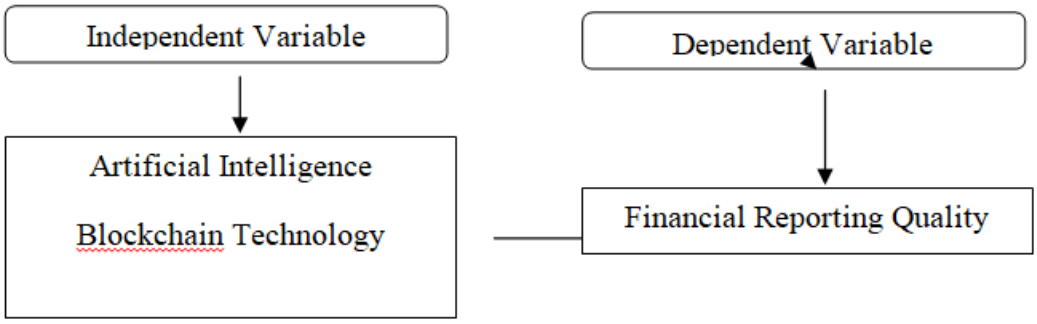


Figure1: Conceptual Framework of the Study.

Empirical Review

Artificial Intelligence (AI) and Financial Reporting Quality

Al-Sammarraee and Alshareeda (2021) carried out a study that focused on the contribution of artificial intelligence statements in Bahrain via the use of automated accounting information systems. The results showed that a number of variables may be used to improve the calibre of financial accounts. The researchers recommended the incorporation of AI techniques into accounting systems to increase efficiency and effectiveness of financial reporting. Furthermore, they emphasized the need for universities to enhance the scientific and practical qualifications of accountants. In a similar time frame, Aljinovic and Bilic (2021) examined, using machine learning especially, the impact of corporate variables on the calibre of financial reporting. But their research was carried out in a different area and industry. The goal was to assess the financial reporting quality (FRQ) of listed companies in Croatia, which has an immature capital market and a macro-based accounting system. The research also sought to determine the characteristics of businesses that affect FRQ. In addition to critically analysing the driving policies and directives that impact a variety of qualitative and quantitative, as well as financial and non-financial, elements inside organisations, the study offers a thorough examination of the body of information currently available on financial ratio analysis (FRQ). The methodology involved a joint examination of economic assumptions and the utilization of machine learning techniques (MLT). The M5 algorithm was employed to determine factors which impact quality of volunteer reporting and the direction and strength of those influences. Findings demonstrated that profitability; the length of time a company Having been listed on the stock market for a certain number of years, and the size of the business has a big impact on the level and scope of reporting quality via voluntary information disclosure in Croatian quoted companies' annual financial statements. Furthermore, variations in FRQ were discovered based on the type of auditor and across various economic activity sectors. According to the paper's conclusion, Croatian businesses should use strong reporting methods to satisfy international standards and so enhance the system's overall openness. The appropriate regulatory bodies are expected to do the same and promote complete disclosure.

Employing an exploratory and analytical methodology, the researchers engaged in data gathering and evaluation to derive their findings. The theoretical literature on the subject matter, as presented in references and scientific publications, was thoroughly reviewed prior to the administration of a questionnaire to elicit the perspectives of the study participants. To assess the significance of the research inquiries, the researchers utilized several statistical measures including the mean, standard deviation, T-test, ANOVA. Furthermore, Abdullah Saleh et al. (2021) a basic linear regression analysis was employed to scrutinize impact of applied the use of artificial intelligence in Jordanian hotels to integrate accounting information systems. The findings revealed a correlation between the two variables, denoted by R=0.596. Moreover, this percentage could be attributed to the utilization of applied artificial intelligence in Jordanian hotels, with an R2 value of 0.355 accounting for the variance of dependent variable (accounting information systems integration). Additionally, the examination demonstrated that the independent variable artificial intelligence, incorporated into accounting systems of Jordanian hotels, possessed a Beta value of 0.596, while the fixed limit value was determined to be 2.060.

The study by Ke-afoon (2023) sought to illustrate how artificial intelligence is currently used in financial reporting, auditing, and accounting in United States. Descriptive research design was used and obtained data using secondary sources. Results indicated that financial reporting, auditing, and accounting are currently using variety of AI technologies. Artificial intelligence (AI) systems attempt to develop collective behaviour and practice by using technological know-how and human experiences as givens. AI enables automated data input, which has broadened the accounting area and allowed for the integration and handling of enormous volumes of data in contemporary accounting.According to the study, standardizing the AI system within the accounting paradigm is crucial for future policymakers to guarantee high-quality systems that follow accounting principles.

Blockchain Technology (BCT) and Financial Reporting Quality

Alkafaji, Dashtbayaz, and Salehi (2023) investigated the impact of blockchain on the quality of information for Iraqi companies that were listed and those that were not. The statistical population for the study was divided into two parts: the first part examined the level of knowledge that managers, independent auditors, and accountants had about blockchain technology, and the second part examined the impact of blockchain technology on accounting data accuracy. A Likert scale was included into a structured survey. PLS statistical software was used to analyse the collected data. Cochran's technique was used to calculate the sample size, and 1528

ISSN 2278-2540 | DOI: 10.51583/IJLTEMAS | Volume XIV, Issue I, January 2025

respondents were chosen as indicative of the sample size. The findings demonstrate that knowledge of blockchain technology has raised the calibre of data in both publicly traded and privately held businesses. Put another way, the use of blockchain technology has led to a notable improvement in the quality of accounting data. This suggests that the quality of accounting data for Iraqi companies, both public and unlisted, is influenced by information technology (Blockchain). Additionally, Alshanti and Elessa (2023) conducted a theoretical and empirical study to examine the impact of digital transformation on the precision of financial records and the efficacy of corporate governance by using blockchain technology in banks. The descriptive-analytical method was used to analyse the variables and dimensions of the study. Data lists were developed to collect data from members of the field research community who were employed by Jordanian banks as analysts, auditors, and financial managers. The analysis was done using SPSS. The rejection of the first and third null hypotheses suggests that integrating blockchain technology into digital transformation might enhance company governance and the quality of accounting information. Similarly, the second and fourth alternatives were ruled out. A digital move towards blockchain adoption in business operations is recommended in order to profit from the advantages that blockchain technology provides, such as its capacity to improve accounting information accuracy and fortify corporate governance.

Similarly, Han et al. (2023) looked at whether experts might use blockchain data to make better decisions. To achieve this, consideration was given to the characteristics of consensus-driven blockchain data, which include immutable, append-only, shareable, and verifiable. The study also looked at how blockchain technology may increase openness and confidence in the accounting sector. Blockchain protocol certification by various parties provides real-time, reliable data that boosts auditors' confidence and efficiency in the area of AI systems. The study on blockchain technology's impact on accounting record keeping has yielded four main themes: event-based accounting, real-time accounting, triple entry accounting, and continuous auditing. Using agency theory and stakeholder theory, the study explains how blockchain technology may reduce information asymmetry and encourage stakeholder cooperation. The report carefully outlines the challenges that come up and highlights how crucial it is to employ blockchain technology cautiously in business settings. The study suggests that future research exploit the themes identified and address the challenges raised in this analysis to help practitioners and policymakers improve their methods. It also emphasises the need for collaboration among practitioners, system developers and designers, and regulators to foster the development of blockchain ecosystems suitable for accounting and auditing in the era of digital transformation.

Additionally, Cadiz and Seethamraju (2022) examined how blockchain technology was being used by clients and how this would affect Australian accounting companies' financial statements and audits. The majority of the data was collected via semi-structured interviews with a range of participants, including audit partners from first- and second-tier accounting firms in Australia. These interviews focused on how blockchain technology affects several aspects of financial statement audit management, such as planning, risk assessment, audit evidence, engaging and retaining stakeholders, and reporting. Changes to financial statement audits were evaluated through the lenses of professionalism and commercialism.The findings suggested that, although the number is small, Australian accounting firms have engaged with or explored relationships with clients involved in bitcoin businesses and blockchain platform. Some individuals believe that blockchain technology, due to its uniqueness, introduces risks that have not been encountered in previous audit engagements. These risks may result in changes to organizational structures, audit procedure, and the conduct of financial statement audit. The study results demonstrated that professionalism and commercialism have complementary logics rather than being mutually exclusive. They provide businesses with opportunities to apply and enhance their audit knowledge in a new area of auditing, while also presenting challenges.

Siyue (2022) hypothetically investigated how blockchain technology might affect financial reporting. The study contrasts the benefits of blockchain technology on three areas: digital financial information, high-quality accounting information, and bookkeeping. Blockchain may significantly improve accounting bookkeeping procedures and solve the issues of traditional bookkeeping, which is labor-intensive and prone to manipulation, using its distributed bookkeeping and timestamp technology. Enterprise financial information can be more timely, secure, and reliable thanks to its digital signature, timestamp, and real-time data transmission technologies. Innovative contract technology can actualize the digitalization of financial data and accomplish the goal of business economic integration by enabling inter-enterprise transaction procedures to be executed automatically and recorded in real-time.This study also reveals that most academic research is still in the theoretical stage because of the incomplete development of current technologies. Most researchers are optimistic about the widespread practical application of blockchain and pay less attention to potential issues that may arise. Based on current research and literature, this study also offers some predictions for the future of financial reporting, predicting that financial reporting will become more intelligent, safe, and personalized, and that corporate financial management systems will change.

Using the technology acceptance approach, using blockchain technology to improve financial reporting. Borhani et al. (2021) examined existing theoretical and experimental underpinnings, produced theoretical model, and identified variables influencing adoption of technology in financial reporting. The study employed a sequential-exploratory design and employed cross-sectional data. The population of the study included professors in accounting and auditing, members of the Society of Certified Public Accountants, and specialists in IT, and finance. The findings showed that blockchain technologies are being adopted by financial reporting, with primary driver being the technology's perceived utility based on has positive impacts on the information's quality component. The characteristics that influenced the current goal of system application in the financial reporting area and caused financial reporting developers to embrace new methodologies are better understood thanks to this study.Pizzi et al. (2022) studied how to manage and integrate blockchain technology into sustainability reports in Italy. The study expands on what is known

ISSN 2278-2540 | DOI: 10.51583/IJLTEMAS | Volume XIV, Issue I, January 2025

scientifically regarding the effects of notarizing required sustainability reports via a blockchain that is accessible to the general public. In order to reduce the information asymmetries that has a detrimental effect on stakeholder involvement. The analysis shows that one effective way to lessen the information asymmetry between businesses and stakeholders is to notarize non-financial data using a publicly accessible blockchain.

Underpinning Theories

This research work is anchored on information system success theory and technology acceptance theory in line with the previous studies such as Borhani et al. (2021), Asukwo and Enobong (2023). Relating these theories with this study, an information system is fundamentally made up of people, information, software, hardware, and processes working together to provide the intended outcomes. This study's independent variable, digital accounting practices, and dependent variable, financial reporting quality, have direct bearing with these theories. Furthermore, regardless of an information system's complexity, users' acceptance and trust are essential to overcome their reluctance to adopt new technology and enable its adoption and implementation. As a result, it's critical to understand and consider the elements impacting users' decisions to use a particular system at every stage of the development process. Since technology gave rise to the hardware and software that are currently revolutionizing the role and responsibilities of accountants worldwide, as shown by Technology Acceptance theory, organizations and individuals will embrace new technology with positive attitudes and intentions if they find it to be practical and user-friendly.

III. Methodology

This research adopted a survey design method, population comprise of 2,716 registered and practicing professional members of the Association of National Accountants of Nigeria (ANAN) and the Institute of Chartered Accountants of Nigeria (ICAN) as of May 2024. A sample of 338 people was chosen for the study using basic random sampling techniques and Krejcie& Morgan's (1970) methodology for calculating sample size of a known population. However, the research added 10% of the calculated sample size to account for the impact of respondents who may not return their questionnaire, resulting in a final sample size of 372 members. This decision is in line with (Bolarinwa, 2020). The study employed structured close-ended likert scale questionnaire to obtain responses from the respondents via Google survey form. SPSS and SPSS AMOS were utilized to conduct data and regression analysis between study variables. Reliability and validity of the study instrument was ensured using Cronbach's alpha test, content and construct validity.

IV. Results and Discussion

This study grouped analysis of data into two groups. While the second group deals with the study's findings, the first group deals with the demographic data of the respondents.

Table 1 Professional Membership

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	ICAN	180	51.0	51.0	51.0
	ANAN	172	49.0	49.0	100.0
	Total	352	100.0	100.0	

The table 1 outlines the professional memberships of the respondents. The majority are members of ICAN (Institute of Chartered Accountants of Nigeria), making up 51.0% of the sample, followed closely by ANAN (Association of National Accountants of Nigeria) at 49.0%. This distribution highlights that responses from ICAN members is 2% higher than those from ANAN members representing the two dominant professional affiliations of the respondents.

Table 2 Collinearity Statistics

Model		Tolerance	VIF
1	(Constant)		
	Artificial Intelligence	0.798	1.253
	Blockchain Technology	0.640	1.564

a. Dependent Variable: Financial Reporting Quality

The table provides collinearity statistics for the independent variables in a model predicting Financial Reporting Quality. The Tolerance values range from 0.640 to 0.798, and the Variance Inflation Factor (VIF) values range from 1.253 to 1.564. Since all VIF values are below 10 and all Tolerance values are above 0.1, there is no significant multicollinearity among the variables (Artificial Intelligence and Blockchain Technology) in this model. This suggests that each variable provides unique information in predicting Financial Reporting Quality.

ISSN 2278-2540 | DOI: 10.51583/IJLTEMAS | Volume XIV, Issue I, January 2025

Table 3 Squared Multiple Correlations: (Group number 1 Default model)

	R-square
FRQ	0.844

The R-square value of 0.844 for Financial Reporting Quality (FRQ) shows that the independent variables in the model account for around 84.4% of the variation in FRQ. This high R-square value indicates that the result and the predictors have a significant connection. This implies that the model is effective in capturing the factors that influence financial reporting quality. An R-square value above 0.8 typically indicates a very good fit, demonstrating that the model provides significant explanatory power regarding the variations in FRQ, thereby highlighting the importance of the included independent variables in understanding and predicting financial reporting quality.

Table 4 Regression Weights: (Group number 1 - Default model)

		Estimate	S.E.	C.R.	P
FRQ	<---	AI 0.623	0.140	4.441	***
FRQ	<---	BT-0.236	0.149	-1.586	0.113

The regression weights table summarizes the relationships between various independent variables and Financial Reporting Quality (FRQ) in the default model. The estimates represent the strength and direction of these relationships, while the standard errors (S.E.) provide an indication of the variability of these estimates. The critical ratios (C.R.) and p-values (P) help assess the significance of each relationship.

V. Discussion of Findings

The first research hypothesis posited that Artificial Intelligence (AI) would not significantly impact Nigeria's financial reporting standards. Nonetheless, the study's conclusions showed that AI does, in fact, significantly and favourably affect the nation's financial reporting standards. This result implies that improving the precision and efficacy of financial reporting is facilitated by the incorporation and use of AI technology. The findings are consistent with those of earlier studies conducted by Al-Sammarraee and Alshareda (2021)., Abdullah Saleh et al. (2021), and Ke-afoon (2023), which also reported that AI positively influences financial reporting quality. This consistency with existing literature underscores the growing importance of AI in improving financial practices and supports the notion that AI-driven advancements are beneficial for achieving higher standards in financial reporting.

According to the second study hypothesis, Nigerian financial reporting quality will not be significantly impacted by blockchain technology. The investigation's conclusions showed that, in contrast to predictions, blockchain technology has a detrimental and statistically negligible effect on the nation's financial reporting standards. This result is in contrast to previous research that demonstrated that blockchain technology considerably improves the quality of financial reporting, such as that conducted by Cadiz and Seethamraju (2022) and Alkafaji et al. (2023). This discrepancy suggests that the degree to which blockchain technology enhances financial reporting may fluctuate based on the situation or method of deployment, underscoring the need for further study to determine the variables affecting its effects in various contexts.

Conversely, the research discovered that the nation's financial reporting requirements are significantly and favourably impacted by artificial intelligence (AI). According to this research, implementing and using AI technology enhances financial reporting's precision and effectiveness. These findings align with earlier research by Al-Sammarraee and Alshareda (2021).

VI. Conclusion

The study's goal was to find out how the digitalization of accounting processes, in particular blockchain technology (BCT) and artificial intelligence (AI), has affected the quality of financial reporting in Nigeria. The results show that the quality of financial reporting is much improved when digital technology, such artificial intelligence, is included into accounting procedures. This significant effect suggests that AI tool and systems improve accuracy, transparency of financial reports leading to more reliable and timely financial information. The results underscore the importance of adopting advanced digital solutions in accounting to achieve higher standards of financial reporting, thereby benefiting stakeholders and contributing to more robust financial management practices in Nigeria. Blockchain Technology had no discernible effect on the quality of financial reporting in this study, exploring its potential for other applications within the organization might still be beneficial.

Recommendations

The paper recommends that entity managers should give top priority to implementing and incorporating of cutting-edge digital technology, such as artificial intelligence, into their accounting procedures. Accounting professionals are also encouraged to keep up with the latest developments in digital tools and technologies that can improve the quality of their work and financial reporting. Policymakers should create and enforce rules and regulations that promote the use of digital tools and technologies in accounting practices. Finally, stakeholders should continue to be receptive to the possibilities of block chain technology and stay up to date on any advancement that may affect its usefulness in financial reporting.

ISSN 2278-2540 | DOI: 10.51583/IJLTEMAS | Volume XIV, Issue I, January 2025

References

1. Abdullah-Saleh, M.M., Jawabreh, O. A. A., Al-Om, R. &Shniekat, N. (2021). Artificial Intelligence (AI) and the Impact of Enhancing the Consistency and Interpretation of Financial Statement in the Classified Hotels in Aqaba, Jordan. Academy of Strategic Management Journal, 20(3), 1-18.
2. Aljinovic, B.Z.&Bilic, M. (2021). The effects of company characteristics on financial reporting quality – the application of the machine learning. EKONOMSKI VJESNIK / ECONVIEWS, 34 (1), 57-72. https://doi.org.10.51680/ev.34.1.5
3. Alkafaji, B. K. A., Dashtbayaz, M. L. & Salehi, M. (2023). The Impact of Blockchain on the Quality of Accounting Information: An Iraqi Case Study. Risks, 11(3):58. https://doi.org/10.3390/risks11030058
4. Al-Sammarraee, A. &Alshareeda, N. (2021). The Role of Artificial Intelligence by Using Automatic Accounting Information System in Supporting the Quality of Financial Statement.Information Sciences Letters, 10 (2), 223- 254.
5. Al-Shanti, A. M. &Elessa, M. S. (2023). The impact of digital transformation towards blockchain technology application in banks to improve accounting information quality and corporate governance effectiveness. Cogent Economics & Finance. https://doi.org/10.1080/23322039.2022.2161773
6. Asukwo, S. O. &Enobong, U. E. (2023). Digital Accounting Practices and Financial Reporting Quality.International Journal of Business Management,6(6), 21-35.
7. Bolarinwa, O. A. (2020). Sample size estimation for health and social science researchers: The principles and considerations for different study designs. Niger Postgrand Med J, 27: 67-75. www.npmj.org.
8. Borhani, S. A., Babajani, J., Vanani, I. R., Anaqiz, S. S. &Jamaliyanpour, M. (2021).Adopting Block chain Technology to Improve Financial Reporting by Using the Technology Acceptance Model (TAM). International Journal of Finance and Managerial AccountingIJFMA, 6 (22), 155-171.
9. Cadiz, M. D. &Seethamraju, R. (2022). Client use of blockchain technology: exploring its (potential) impact on financial statement audits of Australian accounting firms.Accounting, Auditing & Accountability Journal,35 (7), 1656-1684.
10. Davenport, T. H., &Ronanki, R. (2018). Artificial intelligence for the real world. Harvard business review, 96(1), 108-116.
11. Ernst & Young (EY) (2017), "How blockchain will revolutionize finance and auditing", available at: https://betterworkingworld.ey.com/digital/blockchain-why-finance-and-auditing-willnever-bethe-same.
12. Han, H., Shiwakoti, R. K., Jarvis, R., Mordi, C. &Botchie, D. (2023). Accounting and Auditing with Blockchain Technology and Artificial intelligence: A Literature review. International Journal of Accounting Information System, 48.https://doi. org/10.1016/j.accinf.2022.100598
13. Hasan, M. S. (2023). The Impact of Digital Transformation on the Quality of Financial Reports: A Field Study in a Sample of Banks Listed in the Iraqi Stock Exchange. American Journal of Business Management, Economics and Banking, 8, 101-120.
14. IASB (2008). Exposure draft on an improved conceptual framework for financial reporting: The objective of financial reporting and qualitative characteristics of decision. London.
15. Institute of Chartered Accountants of England and Wales (ICAEW) (2018), "Blockchain and the future of accountancy", available at: https://www.icaew.com/-/media/corporate/files/technical/informationtechnology/technology/blockchain-a
16. Johnson, E.& Festus, A. F. (2021). "Accounting Software in a Computerized Business Environment and Quality of Corporate Reporting."IOSR Journal of Business and Management (IOSR-JBM), 23(4),43-49.
17. Krejcie, R. V., & Morgan, D. W. (1970). Determining Sample size for research activities. Educational and Psychological Measurement, 30 (3), 607-610.
18. Ke-afoon, C. K. (2023). Impact of Artificial Intelligence on Accounting, Auditing and Financial Reporting.American Journal of Computing and Engineering, 6 (1), 29-34.
19. Nielson, B. (2023). How Blockchain implementation will Impact Accounting. http://www.linkedin.com
20. Okoroigwe, E.S., Umar, A.A., Umar, H.M., Mohammed,S. & Yusuf, F.R. (2021). Effect of International Reporting Standard on Profitability of Nigerian Banks: A Case Study of UBA PLC. Lapai International Journal of Management and Social Sciences, 13(2), 1-10.
21. Okoroigwe, E.S., Gabriel, S., Umar, H.M. & Ndagi, A. (2022). Theoretical Alignment of Accounting and Entrepreneurship in Business: Why Entrepreneurship Skill is a Great Intellectual Asset in Today's Knowledge Based Economy? Jalingo Journal of Social and Management Sciences, 4(1), 32-39.
22. Okoroigwe, E.S., Ukagha, N.L., Abalaka, D.F., Ibrahim, I., & Shaba, M. (2021). Impact of Accounting Regulatory Framework on Quality of Financial Reporting and Corporate Governance Regulation: The Nigerian Banking Sector Experience. Lapai Journal of Management Science, 10(1&2), 322-329.
23. Oladejo, M.O. &Yinus, S.O. (2020). Electronic Accounting Practices: An Effective Means for Financial Reporting Quality in Nigeria Deposit Money Banks. International Journal of Managerial Studies and Research (IJMSR),8 (3), 13-26.http://dx.doi.org/10.20431/2349-0349.0803002
24. Olufemi, O. O., Festus, A. F. &Adekunle, A. M. (2021). Accounting Software in Computerized Business Environment and Quality of Corporate Reporting. Journal of Finance and Accounting. 9, (3),101-110.
25. Olumide, A, Tanko, M. &Nyor, T. (2016). Firm structural characteristics and financial reporting quality of listeddeposit money banks in Nigeria. Journal of international business research, 9(1), 1913 – 9004.

ISSN 2278-2540 | DOI: 10.51583/IJLTEMAS | Volume XIV, Issue I, January 2025

26. Owolabi, S. Okere, W. & Adeleke, A. (2020). Financial Reporting Quality and Market Performance ofListed Deposit Money Banks (DMB) in Nigeria. Journal of Economics, Management andTrade, 26(5), 1-10.
27. Pizzi, S., Caputo, A., Venturelli, A., & Caputo, F. (2022). Embedding and managing blockchain in sustainability reporting: A practical framework.Sustainability Accounting, Management and Policy Journal.
28. Siyue, Q.(2022). A Review of Research on the Impact of Blockchain on Financial Reporting. Accounting, Auditing and Finance, 3 (1), 51-58.