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## EFFECT OF FAIR VALUE MEASUREMENT AND CORPORATE GOVERNANCE ON INVESTOR CONFIDENCE IN NIGERIAN DEPOSIT BANKS

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### Abstract

This study examined the effect of fair value measurements and corporate governance mechanisms on investor confidence in deposit money banks in Nigeria. An ex post facto research design was adopted, and secondary data were obtained from the published annual reports of eight selected deposit money banks covering the period from 2020 to 2024. Descriptive statistics were used to summarise the data, while inferential analysis was conducted using a fixed effects regression model after appropriate diagnostic tests, including the Redundant Fixed Effects test and the Hausman test, were performed to establish model suitability. The study employed fair value assets, stakeholder engagement, and board independence as the explanatory variables, with investor confidence serving as the dependent variable. The empirical findings revealed that fair value assets have a positive and statistically significant effect on investor confidence, underscoring the relevance of timely, transparent, and value relevant financial information in influencing investor perceptions. Although stakeholder engagement and board independence exhibited positive relationships with investor confidence, their effects were statistically weaker. The study contributes to existing literature by integrating fair value accounting practices and corporate governance mechanisms from a stakeholder oriented perspective within the context of the Nigerian banking sector. The findings offer practical implications for regulators, bank management, and policymakers by highlighting the need to strengthen fair value reporting practices, enhance stakeholder participation, and reinforce board independence in order to improve accounting transparency and sustain investor confidence in deposit money banks.

**Keywords:** *Fair value measurements, Investor confidence, corporate governance, Stakeholder engagement, Board independence, Nigerian deposit money banks, Financial reporting*

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## Introduction

Investor confidence refers to the level of trust and assurance that investors have in a firm's financial strength, transparency, and future performance, which influences their willingness to commit funds to the firm's securities. It is shaped largely by the quality of information available to investors, the credibility of financial reports, and the perceived integrity of management and governance structures (OECD, 2021). Investor confidence is vital for firms because it supports stable share prices, improves access to capital, reduces the cost of financing, and enhances long-term sustainability. For deposit money banks, strong investor confidence is particularly important due to their role in financial intermediation and their dependence on public trust to attract both local and foreign investment (CBN, 2022). When investors are confident, banks are better positioned to mobilise funds, expand operations, and withstand economic shocks.

Despite its importance, investor confidence in firms, especially in emerging economies, faces several challenges. These challenges include weak financial disclosure, information asymmetry, earnings manipulation, poor governance practices, and market volatility, all of which can undermine investors' trust in reported financial figures (Khumawala, Ranasinghe, & Yan, 2022). In Nigeria, concerns about transparency and governance in the banking sector have further heightened investors' sensitivity to the quality of accounting information and oversight mechanisms. As a result, attention has increasingly shifted toward fair value measurements and corporate governance as critical tools for improving the credibility of financial reporting and restoring investor confidence (Oyerinde & Adegbe, 2022).

Fair value measurement involves reporting assets and liabilities at their current market values rather than historical costs, thereby providing more timely and relevant information to investors (IASB, 2020). Corporate governance, on the other hand, refers to the systems and structures through which firms are directed and controlled, with emphasis on board effectiveness, independence, and accountability (OECD, 2021). In Nigerian deposit money banks, fair value measurements can enhance investor confidence by reflecting realistic asset values in a volatile financial environment, while strong corporate governance ensures that such valuations are applied transparently and without managerial bias. Together, fair value accounting and effective governance reduce information

asymmetry and strengthen investors' trust in financial reports (Barth, Li, & McClure, 2021).

The key dimensions of fair value measurements and corporate governance relevant to investor confidence include fair value assets, stakeholder engagement, and board independence. Fair value assets influence investor confidence by improving the relevance and comparability of financial statements, enabling investors to better assess banks' financial positions (Owolabi, Obiakor, & Okwu, 2021). Stakeholder engagement enhances confidence by promoting accountability and encouraging disclosures that address investors' information needs (Freeman, Phillips, & Sisodia, 2020). Board independence strengthens investor confidence by improving oversight of management and ensuring the reliability of financial reporting. However, limited empirical evidence exists on how these factors jointly influence investor confidence in Nigerian deposit money banks. This gap creates the need for the present study to provide empirical insight into the combined effect of fair value measurements and corporate governance on investor confidence within the Nigerian banking sector.

## Statement of the Problem

Investor confidence is a critical driver of stability and growth in the banking sector, as it influences investment decisions, market valuation, and overall financial system trust. In recent years, Nigerian deposit money banks have faced heightened scrutiny from investors due to concerns about the credibility, transparency, and reliability of accounting information, particularly in the use of fair value measurements. Fair value accounting, while intended to improve relevance and timeliness of financial reports, has been criticised for introducing subjectivity and managerial discretion, especially in environments with weak market structures and limited active markets, such as emerging economies. Studies such as Alves, Rodrigues, and Canadas (2020) and Biddle, Ma, and Song (2021) show that fair value measurements can enhance investor confidence when properly disclosed, but may also increase information risk if governance oversight is inadequate. In Nigeria, recurring cases of earnings volatility, asset revaluation inconsistencies, and declining market trust in some banks have raised questions about whether fair value information truly supports investor confidence or instead deepens uncertainty in financial reporting.

In response to these concerns, corporate governance mechanisms, particularly stakeholder engagement and board independence, are expected to play a vital role in strengthening the credibility of accounting information and restoring investor confidence. Empirical evidence from Oyerinde and Adegbe (2022) indicates that strong board independence improves financial reporting credibility among Nigerian banks, while Khumawala, Ranasinghe, and Yan (2022) demonstrate that governance quality enhances transparency and investor trust in emerging markets. However, most existing studies examine fair value measurements and corporate governance separately, with limited focus on how both jointly influence investor confidence, especially from a stakeholder perspective. Furthermore, prior Nigerian studies largely emphasise financial reporting quality rather than explicitly modelling investor confidence as a market-based outcome. This creates a clear gap in the literature that this study seeks to address by examining the combined effect of fair value measurements and corporate governance on investor confidence among Nigerian deposit money banks within a unified empirical framework.

### Objectives of the Study

The broad objective of this study is to investigate the effect of fair value measurements and corporate governance on investor confidence among deposit money banks in Nigeria. The specific objectives are to:

1. Examine the effect of fair value assets on investor confidence of deposit money banks in Nigeria.
2. Investigate the effect of stakeholder engagement on investor confidence of deposit money banks in Nigeria.
3. Examine the effect of board independence on investor confidence of deposit money banks in Nigeria.

### Research Questions

1. What is the effect of fair value assets on investor confidence of deposit money banks in Nigeria?
2. What effect does stakeholder engagement have on investor confidence of deposit money banks in Nigeria?
3. What effect does board independence have on investor confidence of deposit money banks in Nigeria?

### Research Hypotheses

**H<sub>01</sub>:** Fair value assets have no significant effect on investor confidence of deposit money banks in Nigeria.

**H<sub>02</sub>:** Stakeholder engagement has no significant effect on investor confidence of deposit money banks in Nigeria.

**H<sub>03</sub>:** Board independence has no significant effect on investor confidence of deposit money banks in Nigeria.

### Conceptual Reviews

#### Fair Value Measurement

Fair value measurement refers to the practice of valuing assets and liabilities at prices that reflect current market conditions rather than historical costs, with the aim of providing more relevant and timely financial information to users of financial statements. According to the International Financial Reporting Standards, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and this approach is widely applied in the banking sector due to the market-sensitive nature of financial instruments (IFRS Foundation, 2021). Recent studies indicate that fair value measurements enhance the relevance of accounting information and help investors better assess the real economic position of firms, particularly in financial institutions where asset values fluctuate frequently (Barth, Li, & McClure, 2021). However, fair value measurement may also introduce subjectivity and estimation risk, especially in illiquid markets, which can affect investors' perceptions if transparency and adequate disclosure are lacking (Khumawala, Ranasinghe, & Yan, 2022). In deposit money banks, the effectiveness of fair value measurement in improving investor confidence therefore depends largely on the credibility of valuation techniques and the strength of governance structures overseeing the reporting process.

#### Corporate Governance

Corporate governance refers to the system of rules, practices, and processes through which a company is directed and controlled, with a focus on balancing the interests of shareholders, management, and other stakeholders. Strong corporate governance is characterised by effective board structures, independence of directors, accountability, and transparent decision-making, all of which are critical in

financial institutions due to their systemic importance (OECD, 2020). Empirical evidence suggests that good corporate governance enhances the quality of financial reporting, reduces managerial opportunism, and strengthens investors' trust in published accounting information (Al-Najjar, 2021). In the context of deposit money banks in Nigeria, board independence and active stakeholder participation are particularly important for monitoring management actions and ensuring that fair value estimates are not manipulated to mislead investors (Oyerinde & Adegbe, 2022). As such, corporate governance serves as a key mechanism for ensuring that accounting information is reliable and credible, thereby supporting investor confidence in the banking sector.

### Investor Confidence

Investor confidence describes the degree of trust and assurance that investors have in a firm's financial performance, reporting integrity, and future prospects, which ultimately influences their investment decisions and market behaviour. High investor confidence encourages capital inflows, stabilises share prices, and improves firms' access to long-term financing, while low confidence can trigger market volatility and capital withdrawal (Baker & Wurgler, 2020). Recent studies show that investor confidence is strongly influenced by the quality, transparency, and credibility of accounting information, particularly in regulated sectors such as banking where information asymmetry is high (Barth et al., 2021). In emerging economies like Nigeria, investor confidence is often sensitive to governance failures, weak disclosure practices, and inconsistencies in financial reporting, which can heighten perceived risk among investors (Khumawala et al., 2022). Consequently, improvements in fair value measurement practices and corporate governance mechanisms are seen as critical pathways for strengthening investor confidence in deposit money banks.

### Theoretical Review

**Agency Theory:** Agency Theory explains the relationship between principals, who are the shareholders, and agents, who are the managers entrusted with running the firm on their behalf. The theory, advanced by Jensen and Meckling, argues that conflicts of interest may arise when managers pursue personal goals rather than maximising shareholders' wealth, leading to information asymmetry and reduced investor confidence if not properly

controlled (Jensen & Meckling, 1976; Eisenhardt, 1989). In the context of deposit money banks, fair value measurements can increase managerial discretion in asset valuation, which may heighten agency problems if governance mechanisms are weak. Recent studies indicate that strong corporate governance structures, particularly board independence and effective stakeholder oversight, help reduce agency conflicts by improving monitoring and ensuring credible financial reporting (Al-Najjar, 2021; Oyerinde & Adegbe, 2022). Therefore, Agency Theory provides a useful explanation for how fair value measurements and corporate governance jointly influence investor confidence by aligning managers' actions with investors' interests through transparent and reliable accounting information.

**Stakeholder Theory:** Stakeholder Theory posits that firms are accountable not only to shareholders but also to a broad range of stakeholders, including employees, customers, regulators, and the wider society. The theory, popularised by Freeman, emphasises that long-term organisational success depends on balancing and addressing the interests of these diverse stakeholder groups (Freeman, 1984; Freeman, Phillips, & Sisodia, 2020). From this perspective, transparent accounting information and credible fair value measurements are essential for maintaining trust among stakeholders, which in turn strengthens investor confidence. In Nigerian deposit money banks, active stakeholder participation and strong corporate governance practices enhance accountability and reduce uncertainty surrounding financial reports, thereby improving market perception and confidence (OECD, 2020; Khumawala, Ranasinghe, & Yan, 2022). Stakeholder Theory is therefore relevant to this study as it explains how inclusive governance and transparent reporting practices support investor confidence by fostering trust and legitimacy in the banking sector.

### Empirical Reviews

Alves, Rodrigues, and Canadas (2020) examined the effect of fair value accounting on market valuation and investor behaviour using a sample of 92 listed financial firms across European countries between 2012 and 2017. The objective of the study was to determine whether fair value disclosures enhance the relevance of accounting information to investors. Secondary data were obtained from annual reports, and panel regression analysis was employed. The results revealed that fair value

measurements, particularly those based on observable market inputs, had a positive and significant effect on firm market value, suggesting improved investor confidence. The authors concluded that fair value accounting improves transparency when supported by adequate disclosure. However, the study focused mainly on developed economies and did not account for governance structures as moderating factors. The current study differs by focusing on Nigerian deposit money banks and integrating corporate governance mechanisms, thereby addressing the gap relating to emerging markets and governance quality.

Biddle, Ma, and Song (2021) investigated the relationship between financial reporting quality and investor confidence in listed firms in the United States. The study aimed to assess whether high-quality accounting information reduces information risk faced by investors. A sample of 1,200 firms was analysed using panel data techniques and fixed effects regression. The findings showed that firms with higher-quality accounting information experienced stronger investor confidence reflected in higher market valuations and lower cost of capital. The study concluded that transparent financial reporting plays a critical role in strengthening market trust. Despite its strong methodology, the study did not explicitly examine fair value measurements or corporate governance indicators. This creates a gap that the present study fills by incorporating fair value assets and board independence within the Nigerian banking context.

Oyerinde and Adegbe (2022) examined corporate governance mechanisms and financial reporting credibility among deposit money banks in Nigeria from 2010 to 2019. The objective was to assess how board characteristics influence the reliability of accounting information. Using secondary data from annual reports of ten banks and employing panel regression analysis, the study found that board independence and audit committee effectiveness significantly improved financial reporting credibility. The authors concluded that strong governance structures enhance investor trust and confidence. However, the study did not directly link governance mechanisms to investor confidence nor consider fair value measurements. The present study extends this work by explicitly modelling investor confidence as the dependent variable and incorporating fair value assets alongside governance variables to provide a more comprehensive explanation.

Mensah, Asiamah, and Tackie (2020) studied the impact of stakeholder engagement on firm performance and market perception in listed financial institutions in Ghana. The study used a sample of 30 firms over a six-year period and applied panel least squares regression. The findings indicated that firms with higher levels of stakeholder participation recorded improved market reputation and higher investor responsiveness. The authors concluded that stakeholder engagement strengthens accountability and reduces uncertainty for investors. However, the study did not examine accounting measurement bases or fair value reporting. The current study fills this gap by linking stakeholder participation with fair value measurements and corporate governance quality to explain investor confidence in Nigerian deposit money banks.

Khumawala, Ranasinghe, and Yan (2022) analysed the role of corporate governance in enhancing transparency and investor confidence using a global sample of financial institutions across emerging economies. The study employed a sample of 150 banks and used structural equation modelling to analyse the data. The results showed that board independence and governance transparency significantly improved the credibility of financial reports and investor confidence. The authors concluded that governance quality is critical in markets where information asymmetry is high. However, the study treated accounting information broadly without isolating fair value measurements. The present study differs by focusing specifically on fair value assets and combining them with governance variables within a single empirical framework for Nigerian deposit money banks.

### **Methodology**

This study adopted an ex post facto research design to examine the effect of fair value measurements and corporate governance on investor confidence among deposit money banks in Nigeria. The study covered eight listed deposit money banks over a five-year period from 2020 to 2024, using a balanced panel dataset derived from secondary sources, including audited annual reports of the sampled banks, publications of the Nigerian Exchange Group, and reports of the Central Bank of Nigeria. Investor confidence was measured using market capitalisation, while fair value assets, stakeholder participation, and corporate governance quality proxied by board independence served as the explanatory variables. Descriptive statistics were employed

to summarise the characteristics of the data, while inferential analysis was conducted using panel least squares regression. Preliminary diagnostic tests, including correlation analysis, redundant fixed effects test, and Hausman test, were carried out to ensure model

appropriateness and to guide the choice of estimation technique. The fixed effects model was adopted to control for unobserved firm-specific heterogeneity, and all analyses were conducted using EViews statistical software. The model specification is expressed as:

$$INVC_{it} = \beta_0 + \beta_1 FVLA_{it} + \beta_2 STHEN_{it} + \beta_3 BOIND_{it} + \epsilon_{it}$$

where;

**INVC** represents investor confidence, **FVLA** stands fair value assets, **STHEN** represents stakeholder engagement, and **BOIND** denotes corporate governance quality (board independence),  $\beta_0$  is the intercept,  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$

are the coefficients of the independent variables, and  $\epsilon_{it}$  is the error term capturing unobserved effects.

### Data Analysis and Discussion:

**Table 1: Descriptive Statistics**

	LnINVC	LnFVLA	LnBOIND	LnSTHEN
Mean	19.32597	19.92322	4.416485	4.353205
Median	19.52370	19.86397	4.412780	4.356709
Maximum	20.90502	22.47114	4.605170	4.553877
Minimum	17.19323	18.23046	4.248495	4.174387
Std. Dev.	1.133392	0.935765	0.088885	0.095612
Skewness	-0.614743	0.242957	0.092430	0.077393
Kurtosis	2.178541	2.911613	2.362399	2.288407
Jarque-Bera	3.644052	0.406541	0.734513	0.883872
Probability	0.161698	0.816057	0.692632	0.642791
Sum	773.0390	796.9286	176.6594	174.1282
Sum Sq. Dev.	50.09854	34.15059	0.308119	0.356521
Observations	40	40	40	40

**Table 2: Correlation Analysis (Multicollinearity Test)**

	LnINVC	LnFVLA	LnBOIND	LnSTHEN
LnINVC	1.000000	0.403847	0.805832	0.805845
LnFVLA	0.403847	1.000000	0.502106	0.498001
LnBOIND	0.805832	0.502106	1.000000	0.998534
LnSTHEN	0.805845	0.498001	0.998534	1.000000

Source: Eviews 10

The descriptive statistics show that investor confidence, measured by the natural logarithm of investor confidence, has a mean value of 19.33 with a standard deviation of 1.13, indicating moderate variation in market valuation among the sampled deposit money banks over the study period. Fair value assets recorded a mean of 19.92 and a relatively low dispersion of 0.94, suggesting some level of stability in fair value reporting across banks. Board independence and stakeholder engagement recorded mean values of 4.42 and 4.35 respectively, with very small standard deviations, reflecting limited fluctuations in governance structures among the banks. The skewness values indicate that investor confidence is slightly negatively skewed, while the other variables show mild positive skewness, and the kurtosis values suggest that all variables

are approximately normally distributed. This is further supported by the Jarque Bera probabilities, which are all above the 5 percent significance level, confirming normality of the data. The correlation analysis reveals positive relationships between investor confidence and fair value assets at about 0.40, and stronger positive associations with board independence and stakeholder engagement at about 0.81 each, indicating that improvements in governance structures are closely linked with higher investor confidence. Although board independence and stakeholder engagement are very highly correlated at about 1.00, suggesting a risk of multicollinearity, the relationships remain below the critical threshold of perfect correlation, indicating that the variables can be jointly included in the regression analysis.

Preliminary Panel Analysis Test:

**Table 3:** Redundant Fixed Effect Test

Redundant Fixed Effects Tests

Equation: Untitled

**Test cross-section fixed effects**

Effects Test	Statistic	d.f.	Prob.
Cross-section F	29.473714	(7,29)	0.0000
Cross-section Chi-square	83.745338	7	0.0000

**Table 4:** Hausman Test

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	49.264411	3	0.0000

Source: Eviews 10

The redundant fixed effects test shows that the cross section effects are statistically significant, as indicated by the Cross section F statistic of 29.47 and Chi square value of 83.75 with probability values of 0.0000, meaning that individual bank specific effects exist and a pooled regression model is inappropriate. The Hausman test further reveals a Chi square statistic of 49.26 with a probability of 0.0000, indicating a systematic difference between the

fixed and random effects estimators and confirming that the fixed effects model is more suitable for the analysis. Based on these results, the study proceeds with the estimation and interpretation of the fixed effects regression model to examine the relationship between fair value measurements, corporate governance, and investor confidence among deposit money banks in Nigeria.

Regression Analysis:

**Table 5:** Fixed Effects Regression Model

Dependent Variable: LnINVCO

Method: Panel Least Squares

Date: 12/13/25 Time: 20:27

Sample: 2020 2024

Periods included: 5

Cross-sections included: 8

Total panel (balanced) observations: 40

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.738941	5.532775	-0.133557	0.8947
LnFVLA	0.129338	0.058657	2.204980	0.0355
LnSTHEN	-12.85839	8.617743	-1.492083	0.1465
LnBOIND	16.63388	9.295987	1.789361	0.0840

**Effects Specification**

Cross-section fixed (dummy variables)

R-squared	0.956848	Mean dependent var	19.32597
Adjusted R-squared	0.941969	S.D. dependent var	1.133392
S.E. of regression	0.273031	Akaike info criterion	0.469954
Sum squared resid	2.161833	Schwarz criterion	0.934396
Log likelihood	1.600916	Hannan-Quinn criter.	0.637882
F-statistic	64.30489	Durbin-Watson stat	1.876230
Prob(F-statistic)	0.000000		

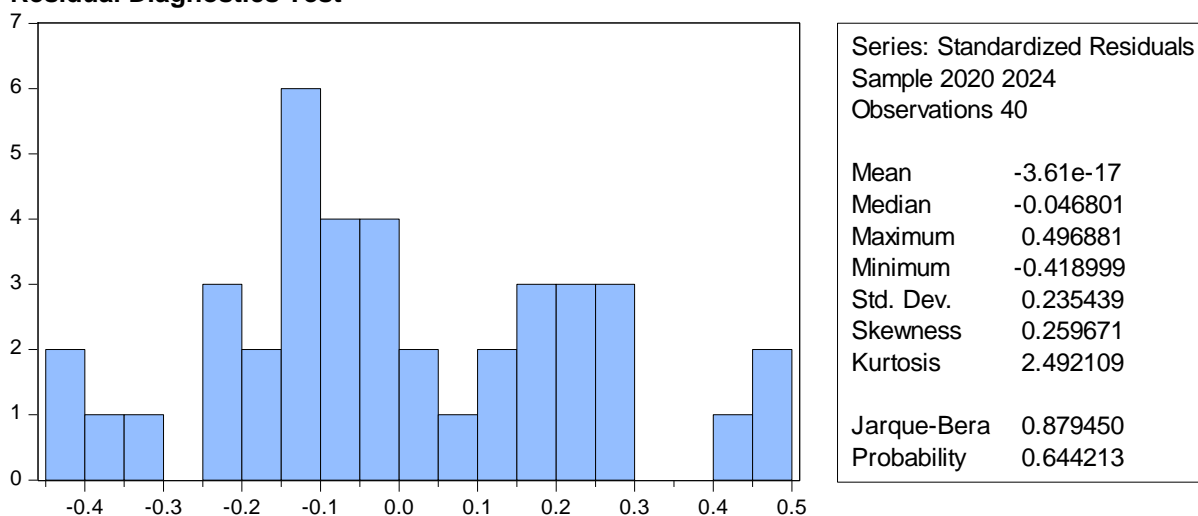
Source: Eviews 10

The fixed effects regression results show a very high explanatory power, as the R squared value of 0.9568 indicates that about 95.68 percent of the variations in investor confidence among deposit money banks are jointly explained by fair value assets, stakeholder engagement, and board independence, while the adjusted R squared of 0.9420 confirms that the model remains strong after adjusting for degrees of freedom. The t statistics and corresponding p values reveal that fair value assets have a positive and statistically significant effect on investor confidence, with a t statistic of 2.20 and a p value of 0.0355, indicating significance at the

5 percent level. Stakeholder engagement shows a negative coefficient but is statistically insignificant, as reflected by a t statistic of minus 1.49 and a p value of 0.1465, suggesting that its effect on investor confidence is weak during the study period. Board independence has a positive coefficient and is marginally significant at the 10 percent level, with a t statistic of 1.79 and a p value of 0.0840, implying that stronger board independence tends to improve investor confidence, although the effect is not very strong statistically.

### Post Estimation Test:

#### Residual Diagnostics Test



**Fig 1: Residual Histogram Normality Test**

The residual histogram shows that the standardized residuals are approximately normally distributed, as indicated by the Jarque Bera statistic of 0.88 with a probability value of 0.64, which is well above the 5 percent significance level. This implies that the normality assumption of the regression model is satisfied, confirming that the estimated coefficients and statistical inferences from the model are reliable and valid.

#### Test of Hypotheses:

Based on the results of the fixed effects regression model, the hypotheses are tested as follows:

**Hypothesis One (H<sub>01</sub>):** Fair value assets have no significant effect on investor confidence of deposit money banks in Nigeria. The regression result shows that fair value assets have a positive coefficient with a t statistic of 2.20 and a probability value of 0.0355, which is less than the 5 percent level of significance. Based on this

result, the null hypothesis is rejected. This indicates that fair value assets have a statistically significant effect on investor confidence among deposit money banks in Nigeria.

**Hypothesis Two (H<sub>02</sub>):** Stakeholder engagement has no significant effect on investor confidence of deposit money banks in Nigeria.

The result reveals that stakeholder engagement has a negative coefficient with a t statistic of minus 1.49 and a probability value of 0.1465, which is greater than the 5 percent level of significance. Consequently, the null hypothesis is not rejected. This implies that stakeholder engagement does not have a statistically significant effect on investor confidence of deposit money banks in Nigeria during the period under review.

**Hypothesis Three (H<sub>03</sub>):** Board independence has no significant effect on investor confidence of deposit money banks in Nigeria.

The regression output reveals that board independence has a positive coefficient with a t statistic of 1.79 and a probability value of 0.0840, which exceeds the 5 percent level of significance. Consequently, the null hypothesis is not rejected. This indicates that board independence does not have a statistically significant effect on investor confidence of deposit money banks in Nigeria at the 5 percent level.

### Discussion of Findings

The results of the fixed effects regression reveal that fair value assets (FVLA) have a positive and statistically significant effect on investor confidence, as indicated by a coefficient of 0.129 and a p-value of 0.0355. This implies that as banks report higher fair value assets, investor confidence increases, reflecting the importance of timely and relevant financial information in shaping investors' perception of the bank's financial health. This finding aligns with Barth, Li, and McClure (2021) and Owolabi, Obiakor, and Okwu (2021), who demonstrated that fair value measurements improve the relevance and transparency of accounting information, thereby enhancing investor trust and decision-making. The significance of this variable in the Nigerian context underscores the need for deposit money banks to adopt and maintain reliable fair value reporting practices to strengthen market confidence.

Stakeholder Engagement (STHEN) shows a negative coefficient of -12.86 and is statistically insignificant ( $p = 0.1464$ ). This suggests that variations in stakeholder participation did not significantly affect investor confidence within the study period. While theoretically, stakeholder engagement is expected to enhance transparency and trust (Freeman, Phillips, & Sisodia, 2020), the insignificance may indicate that Nigerian deposit money banks have not fully operationalized stakeholder inclusion in decision-making or disclosures in ways that influence investor perception. This result points to a gap between stakeholder theory expectations and practical implementation in the Nigerian banking sector.

Board Independence (BOIND), has a positive coefficient of 16.64 but is not statistically significant at the 5% level ( $p = 0.0840$ ). This indicates that while higher board independence trends toward improving investor confidence, the effect is not strong enough to be considered conclusive in this sample. This finding is consistent with Uwuigbe, Uwuigbe, and Adeyemo (2020) and Alkurdi, Tahat, and Al-Sad (2021), who found that governance quality

contributes positively to reporting credibility but may not always have immediate observable impacts on market confidence. The positive direction suggests that improving board independence could yield better investor confidence outcomes if governance practices are consistently enforced.

### Conclusion and Recommendations

#### Conclusion:

This study concludes that fair value measurements and corporate governance mechanisms play an important role in shaping investor confidence in deposit money banks in Nigeria. The findings demonstrate that fair value assets significantly enhance investor confidence by improving the transparency and relevance of financial information, while stakeholder engagement and board independence, though positive, exert comparatively weaker influences. Overall, the study affirms that effective fair value reporting combined with sound governance practices is essential for strengthening investor trust and promoting stability within the Nigerian banking sector.

#### Recommendations:

1. Deposit money banks should prioritize accurate and timely fair value reporting of financial assets, adopting standard valuation techniques and providing detailed disclosures to improve investor confidence and market transparency.
2. Banks should actively involve stakeholders in governance and disclosure processes, ensuring that their concerns and expectations are reflected in financial reports to make accounting information more relevant and useful to investors.
3. Banks should strengthen board independence by appointing qualified and objective directors, establishing audit and risk committees, and enforcing governance codes to ensure management accountability, which can enhance investor trust over time.

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**APPENDIX 1:****Data for Fair Value Measurements and Corporate Governance of Deposit Money Banks**

Bank	Year	S/N	FVA (₦'000)	STKHP (%)	CGVQ (%)	InvConfi (₦'000)
Access Bank Plc	2020	1	5,742,369,098	75	80	300,357,151.25
	2021	1	2,113,534,124	78	83	330,570,592.50
	2022	1	825,616,285	80	85	355,452,250.00
	2023	1	399,791,000	82	87	256,649,250.00
	2024	1	261,224,000	85	90	409,203,000.00
First Bank Plc	2020	2	82,678,000	70	75	315,876,000.00
	2021	2	109,161,000	72	78	285,365,250.00
	2022	2	282,660,000	75	80	220,754,250.00
	2023	2	399,791,000	78	82	256,649,250.00
	2024	2	1,137,434,000	80	85	789,621,798.95
Zenith Bank Plc	2020	3	594,023,000	85	90	805,006,080.52
	2021	3	812,491,000	87	92	723,689,163.65
	2022	3	928,913,000	90	95	583,974,769.80
	2023	3	863,868,000	92	97	778,633,026.40
	2024	3	1,137,434,000	95	100	789,621,798.95
FCMB Plc	2020	4	168,682,874	65	70	29,304,000.00
	2021	4	209,251,913	68	73	37,422,000.00
	2022	4	178,494,905	70	75	36,630,000.00
	2023	4	1,539,613,998	72	78	65,934,000.00
	2024	4	244,232,252	75	80	59,202,000.00
GTB Plc	2020	5	603,244,599	80	85	1,199,320,544.25
	2021	5	610,652,060	82	87	1,013,904,116.55
	2022	5	776,011,394	85	90	874,106,016.30
	2023	5	852,829,721	87	92	952,098,640.65
	2024	5	448,530,645	90	95	765,210,654.00
UBA Plc	2020	6	511,569,980	75	80	302,297,296.95
	2021	6	752,578,491	78	83	196,710,202.80
	2022	6	825,616,285	80	85	355,452,250.00
	2023	6	399,791,000	82	87	256,649,250.00
	2024	6	261,224,000	85	90	409,203,000.00
EcoBank Plc	2020	7	82,678,000	70	75	315,876,000.00
	2021	7	109,161,000	72	78	285,365,250.00
	2022	7	282,660,000	75	80	220,754,250.00
	2023	7	399,791,000	78	82	256,649,250.00
	2024	7	1,137,434,000	80	85	789,621,798.95
Stanbic IBTC	2020	8	168,682,874	65	70	29,304,000.00
	2021	8	209,251,913	68	73	37,422,000.00
	2022	8	178,494,905	70	75	36,630,000.00
	2023	8	1,539,613,998	72	78	65,934,000.00
	2024	8	244,232,252	75	80	59,202,000.00