

EFFECT OF BOARD ATTRIBUTES ON FINANCIAL INSTRUMENT DISCLOSURE COMPLIANCE (IFRS 7) OF LISTED FINANCIAL SERVICES FIRMS IN NIGERIA

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Abstract

This study examines the effect of board attributes on compliance with financial instrument disclosures (IFRS 7). An ex-post facto research design was adopted, and the study relied exclusively on secondary panel data extracted from the annual reports of 45 purposively selected financial services firms between 2014 and 2023. Descriptive statistics, correlation analysis, and diagnostic tests were conducted. Panel regression was adopted as a technique of data analysis. The study found that board financial expertise and foreign directors have a significant positive effect on compliance with IFRS 7 Disclosure while board independence shows a significant negative effect. Board gender diversity and firm size were found to have statistically negative effects. These findings conclude that technical competence and international exposure on the board are critical for enhancing compliance with complex disclosure standards such as IFRS 7. The study recommends strengthening the financial literacy of board members, promoting qualified foreign representation, and re-evaluating the functional role of independent directors to improve financial reporting quality in Nigeria's financial services firms.

Keywords: IFRS 7, board attributes, financial expertise, financial instrument disclosure, listed financial services firms

1. Introduction

The implementation of International Financial Reporting Standards (IFRS) has redefined the global financial reporting environment by improving transparency, comparability, and the quality of disclosures. Among these standards, IFRS 7 financial instruments. Disclosure is particularly significant for financial institutions, as it requires comprehensive information on the significance of financial instruments to an entity's financial position and performance, as well as disclosures about exposure to risks such as credit, market, and liquidity risks (IFRS Foundation, 2022). The purpose of these disclosures is to enable stakeholders, especially investors and regulators, to make informed economic decisions based on the risk profile and financial health of firms.

In Nigeria, the transition to IFRS began in 2012 with financial institutions mandated to adopt IFRS in the first phase due to the complexity of their operations and extensive use of financial instruments (Financial Reporting Council of Nigeria [FRCN], 2023). However, evidence shows that the level of compliance with IFRS 7 disclosure requirements among Nigerian listed financial services firms varies significantly.

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Independent directors are expected to bring objectivity, integrity, and unbiased judgment to board deliberations. They are better positioned to challenge management decisions and promote compliance with statutory disclosure requirements, including risk-related disclosures mandated by IFRS 7 (Ahmed & Udeh, 2022). Their presence enhances board monitoring effectiveness and reduces information asymmetry between management and stakeholders.

Financial expertise among board members particularly the presence of directors with backgrounds in accounting, finance, or auditing significantly strengthens the board's capacity to oversee financial reporting. Directors with financial expertise are more likely to understand the technical requirements of IFRS, including the complex disclosures required under IFRS 7 related to financial instruments and risk exposures. Their technical competence enables them to detect irregularities, ask the right questions, and ensure that financial statements are prepared in accordance with regulatory standards (Uwuigbe et al., 2023).

Gender diversity on corporate boards has gained increasing attention in governance and sustainability discourse. The inclusion of female directors is associated with broader perspectives, improved decision-making, and greater ethical sensitivity. Studies have found that gender-diverse boards are more likely to adopt transparent and comprehensive disclosure practices (Okoye et al., 2022).

Foreign directors are often familiar with international best practices and may have prior exposure to IFRS implementation in other jurisdictions. Their involvement on the board can lead to a stronger emphasis on compliance and improved disclosure quality, especially in areas that require technical precision and transparency, such as IFRS 7 disclosures. Additionally, firms with foreign board representation may be under greater pressure to meet international expectations, especially if they seek foreign investment or operate in cross-border markets (Olayemi & Obigbemi, 2024).

Despite growing interest in corporate governance and financial reporting, limited studies have examined the effect of board attributes on IFRS 7 compliance in Nigeria's financial sector most existing studies focus on non-financial firms, neglecting financial institutions with higher exposure to financial instruments (Bahago et al., 2024; Nurudeen et al., 2022). Second, earlier research (Zango et al., 2015) does not reflect recent regulatory changes and post-pandemic realities. This study addresses these gaps by providing an updated, broader, and more rigorous analysis of board attributes and IFRS 7 compliance across listed financial services firms in Nigeria.

The main objective of this study is to examine the effect of board attributes on financial instrument disclosure compliance (IFRS) 7 of listed financial services firms in Nigeria. The specific objectives of the study are to:

- (i) Examine the extent to which board independence affects compliance with IFRS 7 disclosures of listed financial services firms in Nigeria.
- (ii) Assess the effect of board financial expertise on IFRS 7 compliance among listed financial services firms in Nigeria.
- (iii) Investigate the impact of board gender diversity on compliance with IFRS 7

disclosures among listed financial firms in Nigeria.

- (iv) Evaluate the effect of foreign directors on the board on compliance with IFRS 7 disclosures among listed financial services firms in Nigeria.
- (v) Examine the effect of controlling shareholders on IFRS 7 compliance among listed financial services firms in Nigeria.

The following null hypotheses are formulated to guide this study:

- H₀₁:** Board independence has no significant effect on compliance with IFRS 7 disclosures of listed financial services firms in Nigeria.
- H₀₂:** Board financial expertise has no significant effect on compliance with IFRS 7 disclosures of listed financial services firms in Nigeria.
- H₀₃:** Board gender diversity has no significant effect on compliance with IFRS 7 disclosures of listed financial services firms in Nigeria.
- H₀₄:** Foreign directors on the board have no significant effect on compliance with IFRS 7 disclosures of listed financial firms in Nigeria.
- H₀₅:** Controlling shareholders have no significant effect on compliance with IFRS 7 disclosures of listed financial firms in Nigeria.

2. Literature Review

Conceptual Review

Compliance of IFRS 7 Disclosure

IFRS 7 compliance refers to the extent to which firms adhere to the disclosure requirements specified in International Financial Reporting Standard 7, which focuses on financial instruments and associated risks. According to the IFRS Foundation (2023), IFRS 7 requires entities to disclose information that helps users of financial statements assess both the significance of financial instruments to the firm's financial position and performance, and the nature and extent of risks arising from those instruments.

Barth and Schipper (2020) define IFRS 7 compliance as the faithful and complete disclosure of risk exposures, fair value measurements, and the strategies used to manage financial risks. In the Nigerian context, Owolabi and Iyoha (2020) describe compliance as the degree to which listed firms report on credit, liquidity, and market risks, in line with regulatory expectations. Similarly, Adebayo et al. (2022) emphasize that compliance enhances transparency and investor confidence in financial reporting. Furthermore, the International Accounting Standards Board (IASB, 2015) explains compliance as the proper application of disclosure rules concerning the classification, recognition, and measurement of financial instruments. Thus, IFRS 7 compliance is a critical indicator of financial reporting quality, especially for firms with significant financial instrument portfolios, such as those in the financial services sector.

Board Attributes

Board attributes refer to the specific characteristics, composition, and competencies of a company's board of directors that influence its governance effectiveness and oversight capabilities. These attributes play a critical role in shaping corporate decisions, including compliance with financial reporting standards such as IFRS 7. Key board attributes examined in this study include board independence, financial expertise, gender diversity, and the presence of foreign directors.

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Board Independence

Board independence refers to the extent to which a company's board is composed of non-executive or independent directors those who are not involved in the day-to-day operations or management of the firm. Independent directors are expected to act objectively and impartially, providing oversight that aligns with shareholder interests and enhances accountability in financial reporting (FRCN, 2018). Their separation from management enables them to challenge decisions, monitor disclosure practices, and ensure compliance with regulatory standards, including IFRS 7.

In the context of financial reporting, independent directors play a vital role in promoting transparency, especially in complex areas such as financial instrument disclosures. According to Ahmed and Udeh (2022), board independence is positively associated with the level of compliance with financial reporting standards, as independent directors are more likely to demand comprehensive and accurate disclosures. This is particularly important for IFRS 7, which requires detailed information on credit risk, market risk, and liquidity risk—areas that require active oversight and critical evaluation.

Board Financial Expertise

Board financial expertise refers to the presence of directors on a company's board who possess professional qualifications, experience, or knowledge in accounting, finance, auditing, or related fields. Such expertise enhances the board's capacity to interpret and oversee the application of complex financial reporting standards, including International Financial Reporting Standard (IFRS) 7, which requires detailed disclosures on financial instruments and risk exposures.

Financially literate board members play a crucial role in improving the quality of financial disclosures. According to Uwuigbe et al. (2023), directors with financial expertise are more likely to understand technical accounting concepts such as fair value measurements, risk classifications, and hedging activities, which are core components of IFRS 7. Their competence enables them to engage meaningfully with management and auditors, ask relevant questions, and ensure that the required disclosures are both complete and compliant.

Barth and Schipper (2020) argue that financial expertise on the board reduces the likelihood of misstatements and enhances compliance with disclosure requirements, especially in firms with complex financial instruments. This is particularly important in the financial sector, where the risk of non-compliance can significantly affect stakeholder trust and market perception.

In the Nigerian context, Olayemi and Obigbemi (2024) find that firms with higher board financial expertise demonstrate greater IFRS compliance and overall reporting quality. This aligns with the recommendations of the Financial Reporting Council of Nigeria (FRCN, 2018), which emphasizes the inclusion of at least one financially knowledgeable.

Board Gender Diversity

Board gender diversity refers to the inclusion of both male and female members in the composition of a company's board of directors. It is widely regarded as an essential aspect of good corporate governance, contributing to balanced decision-making, ethical sensitivity, and inclusive oversight. Gender-diverse boards are believed to enhance

corporate performance and governance by bringing varied experiences, perspectives, and leadership styles to board deliberations.

In the realm of financial reporting, especially regarding compliance with complex standards like IFRS 7, gender diversity has been associated with improved transparency and disclosure practices. Female directors are often linked to stronger risk awareness and a greater emphasis on accountability and ethical conduct, traits that support thorough and honest financial reporting.

According to Okoye et al. (2022), boards with female representation are more likely to demand higher quality disclosures, particularly in areas involving risk-related information. Uwuigbe et al. (2023) further support this view, showing a positive correlation between gender-diverse boards and adherence to IFRS disclosure requirements in Nigeria. The presence of women on boards contributes to robust oversight mechanisms and encourages management to comply fully with regulatory and disclosure obligations.

Board Foreign Director

Foreign directors refer to non-national members of a company's board who bring international experience, global perspectives, and exposure to diverse regulatory and financial reporting environments. Their presence on corporate boards is increasingly viewed as a value-adding component of governance, particularly in emerging markets like Nigeria, where firms strive to align with global best practices.

Foreign directors are often familiar with international accounting standards and practices, including the International Financial Reporting Standards (IFRS), and may be more attuned to the expectations of global investors, regulators, and development partners. Their influence can lead to stricter enforcement of compliance, especially with standards such as IFRS 7, which requires detailed disclosures on financial instruments and associated risks.

According to Olayemi and Obigbemi (2024), the inclusion of foreign directors enhances financial disclosure quality by promoting transparency and reducing managerial discretion. Their broader experience and professional networks can improve the board's oversight function and encourage adherence to globally accepted reporting standards. Similarly, Uwuigbe et al. (2023) found that Nigerian financial firms with foreign board representation reported higher compliance with IFRS disclosures, particularly in risk-related areas.

Empirical Review

Al-Dubai (2023) investigated the effect of board expertise on corporate financial risk disclosure in the Saudi energy sector. The research focuses on four energy companies listed between 2009 and 2021, resulting in 52 firm-year observations. Panel regressions were implemented to control for heteroscedasticity and autocorrelation. The study's results revealed that board expertise positively influences financial risk disclosure.

Benjamin et al. (2022) extended this line of inquiry by analyzing board attributes and financial instrument disclosures in listed deposit money banks in Nigeria, covering the more recent period (2012–2020). Employing a disclosure index approach alongside regression analysis, they found that board independence and audit committee financial expertise significantly improved the disclosure of financial liabilities and assets under IFRS7.

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Boateng, *et al.* (2022) studied the effect of corporate governance and corporate disclosures in annual reports: post-International Financial Reporting Standards adoption evidence from an emerging capital market. Data were collected from the annual reports of all 22 listed non-financial firms over a five-year period. Using content analysis, the audited annual reports of the firms were scored on the extent of overall and four specific types of disclosures made. The panel data obtained was analyzed using a generalized ordinary least squares regression model. The findings shows that board independence exhibit a significant positive effect on voluntary financial information disclosures.

Adebayo *et al.* (2023) investigated the influence of board composition on voluntary disclosure of quoted manufacturing firms in Nigeria from the period of 2015 to 2019. Thirty- three (33) were purposively selected for the purpose of this study. Information was produced from content analysis of yearly reports. Panel fixed effect model, correlation matrix and descriptive statistics were employed in the estimation. The estimation of the fixed effect model shows board independence have positive and significant connection on the level of voluntary disclosure

Fabricao,*et al.* (2022) studied the relationship between the presence of women on the board of directors (BOD) of Brazilian companies and the firms' disclosure and participation in projects or initiatives to reduce greenhouse gas (GHG) emissions. The research used an adaptation of the model by Ben-Amar *et al.* (2017), added two other gender variables and analyzed a sample of 42 companies listed on the Brazilian stock exchange that participate in the Brazilian GHG protocol program. As for the models with the variables of interest, the most significant was the female percentage, Blau's index, the dummy of female presence, the number of women on BOD, total years with the woman on board and the number of committees the board women were. The results for the sample showed that there is a positive relationship between the presence of women on the BOD and the likelihood of participation disclosures.

Probahudonon *et al.* (2019) examined the impact of various factors on financial disclosure practices among Indonesian manufacturing firms during the period 2009-2013, which coincided with the transition period of International Financial Reporting Standards (IFRS) implementation in Indonesia. The study investigated the influence of corporate governance, audit quality, public ownership, and foreign ownership on financial disclosure, with leverage, return on assets (ROA), and firm size used as control variables. To ensure the reliability of their findings, the researchers employed a purposive sampling method and included 71 manufacturing firms in their sample. The data analysis was performed using multiple regression techniques to identify potential relationships between the independent and control variables and their impact on financial disclosure.

Tsang *et al.* (2019) examined the impact of foreign institutional investors on firms' voluntary disclosure practices measured by management forecasts. In a sample of 32 non-U.S. countries. With the help of regression, the result shows that foreign directors have a positive significant effect on on firms' voluntary disclosure practice. The study covers a broad international scope by including a sample of 32 non-U.S. countries.

Mardini *et al.* (2021) studied the effect of foreign directors on voluntary disclsosures. The sample comprises 67 non-financial listed firms from the Société des Bourses Françaises 120 index for the period 2010–2018 and the analysis relies on carbon reports from the carbon disclosure project, using a panel data analysis based on random-

effects regression. The study found that foreign directors have a positive significant impact on corporate disclosures.

Hussain et al (2022) studied the relationship between foreign directors and the corporate information disclosure of Chinese heavily polluting firms from 2016 to 2019. The study adopted regression. The study found that directors' foreign experience has a significant positive impact on environmental information disclosure.

Theoretical Framework

Agency Theory

Agency theory (Jensen & Meckling, 1976) explains the relationship between principals (shareholders) and agents (management), emphasizing the potential for conflict due to divergent interests. The board of directors acts as a monitoring mechanism to align these interests and reduce information asymmetry. Independent directors, financial experts, and foreign members are seen as tools to enhance oversight and reduce opportunistic behavior, thus promoting higher compliance with IFRS 7.

Resource Dependence Theory

Proposed by Pfeffer and Salancik in 1978, this theory posits that board members provide critical resources such as expertise, networks, and legitimacy—that firms need to survive and perform effectively. Board members with financial expertise or international exposure (foreign directors) can serve as valuable resources in ensuring compliance with complex financial disclosure standards like IFRS 7.

3. Methodology

This study adopts an ex post facto research design. This approach is suitable for corporate governance studies where variables of interest cannot be manipulated directly (Kerlinger & Lee, 2000). The population of this study consisted of 52 financial services companies listed on the Nigeria Exchange (NGX) Group as of 2023. These companies included commercial banks, insurance firms, and other financial service providers operating within Nigeria's regulated financial sector.

The study employed a purposive sampling technique, selecting firms that met specific criteria, including Consistent listing on the NGX from 2014 to 2023. Availability of complete annual reports and audited financial statements for the study period. Out of the initial population of 52 firms, 45 financial companies met the criteria and were selected as the final sample for the study. This ensured the reliability and consistency of the panel dataset used for the analysis. This study relied exclusively on secondary sources of data, specifically panel data, to examine the relationship between corporate governance attributes and compliance with IFRS 7 disclosures among listed financial firms in Nigeria.

For the analysis of data in this study, panel regression analysis was employed. Panel regression is a statistical technique suitable for data that involves multiple cross-sectional units (in this case, listed financial firm) observed over a specific period (2014–2023).

The general model specification is presented as follows:

$$IFRS7_{it} = \beta_0 + \beta_1 BFE_{it} + \beta_2 BI_{it} + \beta_3 BGD_{it} + \beta_4 BFDIR_{it} + \beta_5 FS_{it} + \epsilon_{it}$$

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Where: IFRS7 = Level of compliance with IFRS 7 disclosure requirements for firm i at time t ; β_0 = Intercept term; β_1 – β_5 = Coefficients of the independent variables; BFE = Board Financial Expertise; BI = Board Independence; BGD = Board Gender Diversity; BFDIR = Board Foreign Directors; FS = Firm Size (control variable).

Variable Measurements

Table 1

Variable Measurement

Variable	Description	Measurement/Proxy	Supporting References
IFRS7Compliance (IFRS7itIFRS7_{it})	Degree of compliance with IFRS 7 disclosure requirements.	Compliance Index based on a weighted/unweighted disclosure checklist (scored as the ratio of items disclosed to total applicable items).	Al-Shammari et al. (2008); Uwuigbe et al. (2023); Adebayo et al. (2022)
Board Financial Expertise	Proportion of board members with accounting, finance, or audit qualifications.	Number of directors with financial expertise ÷ Total board size.	Xie et al. (2003); Uwuigbe et al. (2023); Olayemi & Obigbemi (2024)
Board Independence	Proportion of independent non-executive directors.	Number of independent directors ÷ Total board size.	Fama & Jensen (1983); Ahmed & Udeh (2022); Uwuigbe et al. (2023)
Board Gender Diversity	Gender diversity in board composition.	Number of female directors ÷ Total board size.	Adams & Ferreira (2009); Okoye et al. (2022); Uwuigbe et al. (2023)
Board Foreign Directors	Foreign nationals serving on the board.	Number of foreign directors ÷ Total board size).	Khanchel (2007); Olayemi & Obigbemi (2024); Uwuigbe et al. (2023)
Firm Size	Control variable to capture firm scale.	Natural logarithm of total assets.	Haniffa & Cooke (2002); Aljifri & Hussainey (2007); Barth & Schipper (2020)

Source: Author's Compilation (2025)

4. Results and Discussion

In this section results are presented and discussed in the light of the research findings. First, a set of descriptive statistics are presented, then followed by the regression results.

Table 2

Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max
ifsr7	0.559846	0.136477	0.285714	0.833333
BFE	0.233198	0.093523	0.011111	0.522222
BI	0.151009	0.069887	0.055556	0.4
BGD	0.129246	0.171552	0	0.2
FDIR	0.018909	0.030045	0	0.333333
Fs	6.578755	1.043411	3.93075	8.98382
BI	0.151009	0.069887	0.055556	0.4

Source: Output Of Data Analysis Using Stata 17

Descriptive statistics were computed for all variables used in the study, based on 450 firm-year observations drawn from 45 listed financial firms on the Nigerian Exchange Group (NGX) over a 10-year period (2014–2023). The results reveal that the mean IFRS 7 compliance score is approximately 0.560, indicating that, on average, sampled firms disclosed 56% of applicable IFRS 7 requirements. The minimum compliance level recorded was 28.6%, while the maximum was 83.3%, suggesting notable variation in compliance levels among financial institutions in Nigeria.

For board financial expertise (BFE), the average proportion of directors with professional accounting, finance, or audit qualifications was 23.3%, with values ranging from as low as 1.1% to as high as 52.2%. This reflects a moderate presence of financial experts on boards, which is important given the technical nature of IFRS 7.

Board independence (BI) had a mean of 15.1%, with a minimum of 5.6% and a maximum of 40%, suggesting that most financial firms in the sample maintain a relatively low proportion of independent non-executive directors, which may affect the strength of board oversight and objectivity.

The analysis also shows that board gender diversity (BGD) remains limited, with an average of 12.9% female representation on boards. Notably, some firms had no female directors at all during the study period, while the maximum proportion recorded was 20%. Foreign director presence (FDIR) was particularly low, with a mean of just 1.89% and a maximum of 33.3%, indicating that most Nigerian financial firms have boards composed predominantly of local directors.

The control variable, firm size (FS), measured as the natural logarithm of total assets, had a mean value of 6.58. The range extended from a minimum of 3.93 to a maximum of 8.98, showing that the sample includes both small- and large-sized financial institutions.

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Correlation Matrix

Table 3

Correlation Analysis

	IFRS 7	BFE	BI	BGD	FDIR	FS
IFRS 7	1					
BFE	0.0567	1				
BI	-0.0371	-0.0293	1			
BGD	-0.0644	0.0879	0.1442	1		
FDIR	-0.0609	0.0516	0.2205	0.9671	1	
FS	0.0275	0.0896	0.0679	-0.0888	-0.0627	1

Source: Output of Data Analysis Using Stata 17

The correlation between IFRS 7 compliance (IFRS7) and board financial expertise (BFE) is positive but weak ($r = 0.0567$), suggesting that as the proportion of financially literate directors increases, IFRS 7 compliance may improve slightly.

Board independence (BI) has a weak negative correlation with IFRS7 ($r = -0.0371$), indicating a slight inverse relationship, though statistically insignificant. Similarly, board gender diversity (BGD) and foreign directors (FDIR) both show weak negative correlations with IFRS7 ($r = -0.0644$ and $r = -0.0609$, respectively), implying that greater gender or foreign diversity on boards is not directly associated with higher IFRS 7 compliances in this sample. Firm size (fs) shows a small positive correlation with IFRS7 ($r = 0.0275$), suggesting that larger firms may comply marginally more with IFRS 7, possibly due to greater regulatory scrutiny or resource availability.

Table 4

Multicollinearity Table

Variable	VIF	1/VIF
FDIR	1.05	0.951752
BGD	1.04	0.964208
BI	1.14	0.874896
BFE	1.04	0.960455
Fs	1.04	0.966138
Mean VIF	1.64	

Source: Output of Data Analysis Using Stata 17

Multicollinearity among the independent variables was assessed using the Variance Inflation Factor (VIF). As shown earlier, all VIF values were substantially below the conventional threshold of 10. The highest VIF recorded was 1.14 for board independence (BI), while the mean VIF was 1.64, indicating that multicollinearity is not a concern in the model.

Table 5

Heteroskedasticity Test

Test	Value
Test for Heteroskedasticity	Breusch-Pagan/Cook-Weisberg
Assumption	Normal error terms
Variable	Fitted values of ifsr7
Null Hypothesis (H ₀)	Constant variance
Test Statistic	$\chi^2(1) = 1.58$
p-value (Prob > χ^2)	0.2086

Source: Output of Data Analysis Using Stata 17

The test result yielded a chi-square value of 1.58 with a corresponding p-value of 0.2086. Since the p-value is greater than the 0.05 significance level, we fail to reject the null hypothesis, indicating no evidence of heteroskedasticity in the model. This implies that the regression residuals have a constant variance, satisfying one of the key assumptions of Ordinary Least Squares (OLS) and panel regression models.

Table 6

Hausman Specification Test

Test	Value
Null Hypothesis (H ₀)	Difference in coefficients not systematic
Test Statistic	$\chi^2(5) = 23.51$
p-value	0.000

Source: Output of Data Analysis Using Stata 17

The test produced a chi-square statistic of 23.51 with an associated p-value of 0.000. Given that the p-value is less than the 0.05 significance level, we reject the null hypothesis. This indicates that the differences in coefficients between the fixed and random effects models are statistically significant and not due to random variation.

Table 7

Summary of Regression Result

Model Summary				
R-squared				0.3415
corr(u_i, Xb)				-0.1258
F-statistic				F(5, 400) = 112.27
p-value (Prob > F)				0.0066
Variable	Coefficient	Std. Err.	t-value	p > t
BFE	0.303372	0.036809	8.24	0.00
BI	-0.18509	0.089589	-2.07	0.039
BGD	0.090714	0.125834	0.72	0.471
FDIR	0.338636	0.134646	2.52	0.013
Fs	0.002231	0.006712	0.33	0.74
_cons	0.587826	0.047527	12.37	0.000

Source: Output of Data Analysis Using Stata 17

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The fixed effects regression model was employed to examine the influence of board attributes on compliance with IFRS 7 disclosure requirements among listed financial firms in Nigeria, following the result of the Hausman specification test which confirmed its appropriateness over the random effects model. The model is statistically significant as indicated by the F-statistic of 112.27 with a p-value of 0.0066, suggesting that the set of independent variables jointly explain variations in IFRS 7 compliance. The R-squared (within) value is 0.1276, indicating that approximately 12.76% of the within-firm variation in IFRS 7 compliance is explained by the board characteristics and control variable included in the model. The overall R-squared of 0.3415 further suggests that about 34.15% of the variation across all observations is accounted for by the model.

Board Financial Expertise (BFE) has a positive and highly significant effect on IFRS 7 compliance (coefficient = 0.3034, $p < 0.001$). This implies that firms with a higher proportion of financially literate board members are more likely to comply with IFRS 7 disclosure requirements. This finding supports the argument that financially knowledgeable directors enhance financial reporting quality and regulatory compliance.

Board Independence (BI) is negatively and significantly associated with IFRS 7 compliance (coefficient = -0.1851 , $p = 0.039$). This suggests that an increased proportion of independent directors may reduce IFRS 7 compliance, potentially due to limited engagement with technical accounting matters. This finding contrasts with theoretical expectations and may reflect contextual or capacity-related issues in the Nigerian financial sector.

Board Gender Diversity (BGD) shows a positive but statistically insignificant relationship with IFRS 7 compliance (coefficient = 0.0907, $p = 0.471$). This indicates that the presence of women on boards, while potentially beneficial, does not significantly influence compliance in the sample firms.

Foreign Directors (FDIR) are positively and significantly related to IFRS 7 compliance (coefficient = 0.3386, $p = 0.013$). This suggests that the presence of foreign nationals on the board enhances adherence to IFRS 7, possibly due to international experience or stronger commitment to global reporting standards.

Firm Size (FS) has a small positive but statistically insignificant effect on IFRS 7 compliance (coefficient = 0.0022, $p = 0.740$), indicating that larger firms do not necessarily demonstrate higher compliance levels in this context.

5. Conclusion and Recommendations

This study examined the effect of board attributes on compliance with IFRS 7 disclosure requirements among financial firms listed on the Nigerian Exchange (NGX) Group from 2014 to 2023. Using a fixed effects panel regression model, the analysis revealed that board composition plays a significant role in shaping firms' financial disclosure practices.

Specifically, the study found that board financial expertise and the presence of foreign directors positively and significantly influence IFRS 7 compliance, highlighting the importance of technical knowledge and international perspectives in promoting transparency and adherence to global reporting standards. Conversely, board independence showed a statistically significant but negative effect on compliance, suggesting that the mere presence of independent directors may not guarantee better financial disclosure, possibly

due to capacity constraints or lack of involvement in technical reporting matters.

On the other hand, board gender diversity and firm size did not show any statistically significant effect on IFRS 7 compliance, indicating that their impact may be context-specific or mediated by other governance and institutional factors.

These findings contribute to the broader literature on corporate governance and financial reporting by underscoring the relevance of specific board competencies and diversity dimensions in enhancing regulatory compliance in the Nigerian financial sector. Based on the empirical findings, the following recommendations are offered:

- (i) Regulatory authorities such as the Financial Reporting Council (FRC) and Central Bank of Nigeria (CBN) should mandate minimum financial expertise requirements for board members of financial institutions to ensure better understanding and enforcement of complex standards like IFRS 7.
- (ii) While independence remains a key governance principle, firms should ensure that independent directors are not only nominally independent but also technically equipped and actively involved in financial oversight. Targeted training on IFRS compliance and board engagement should be provided.
- (iii) The positive influence of foreign directors suggests that cross-border governance experience enhances compliance. Firms should consider appointing directors with global expertise to strengthen their financial reporting quality and global competitiveness.
- (iv) Although gender diversity did not show a significant effect in this study, its positive (though insignificant) sign suggests potential benefits. Policy interventions should focus on capacity development and empowerment of female board members to contribute effectively to governance outcomes.

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Appendix

Financial Instrument Disclosure Checklist

S/N	Disclosure Item	IFRS 7 Reference
1	Description of financial instruments and their significance	IFRS 7.7
2	Accounting policies for financial instruments	IFRS 7.21
3	Classification of financial assets and liabilities	IFRS 7.8
4	Information on credit risk management policies	IFRS 7.31-35
5	Maximum exposure to credit risk	IFRS 7.36(a)
6	Collateral and other credit enhancements held	IFRS 7.36(b)
7	Liquidity risk disclosures (maturity analysis of liabilities)	IFRS 7.39(a)
8	Market risk exposure and sensitivity analysis	IFRS 7.40-41
9	Disclosure of fair value of financial instruments	IFRS 7.25-30
10	Hierarchy levels for fair value measurements (Level 1, 2, 3 inputs)	IFRS 13 (referenced)