



Impact of Accounting Information on Bank Lending Decisions: A Case Study of First Bank, Bwari Area Council, Abuja

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Author's contribution

The sole author designed, analysed, interpreted and prepared the manuscript.

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ABSTRACT

This study seeks to ascertain impact of accounting information on bank lending decisions: A case study of First Bank, Bwari Area Council, Abuja. The study used primary data over a period of one year (2015). The questionnaire focuses on the core staff, contract staff and other staff of First Bank in Bwari Area Council, Abuja. We administered forty (40) questionnaires to respondents of the bank but the total respondents used for this study was thirty-two (32). Simple percentage was used to draw conclusions on the researcher's questions while Chi – Square was employed in testing the hypothesis through the use of SPSS software package. Results of the investigation show that accounting information received from loan applicants significantly influence First Bank's lending decision among others. We therefore recommend that banks must employ well trained analysts in the profession, who will be responsible for analyzing each customer's financial statements for proper interpretation strictly based on merit and also advocate the need to monitor the affairs of any successful loan applicant to ensure that the progress of the project is on course and the loan is not diverted.

Keywords: Accounting information; bank lending decisions; loan applicants; first bank.

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1. INTRODUCTION

One attribute which can distinguish banks from different economic associations is the relationships between the bank and its debtors. These firm-lender relationships can aid resolve market disasters and hence provide a function for banks. This study describes the theoretical function of lending relationships (selections) in between banks and debtors via enough accounting expertise. Relationships can generate priceless knowledge as good as be used to constrain debtors. Lending selections must be most priceless and the expertise about a firm and its knowledge funding opportunities are most specific. Financial associations play the position of money management on investments and borrowing. The monetary atmosphere is a dynamic one, so business banks must plan for them to survive. Loans granted are based on certain factors which must be considered in lending which in turn influence the lending determination and support the bank in monitoring growth after such advances have been made. The services which First bank and other banks lengthen to consumers comprise overdrafts, loans, bill negotiations, bill discounting, guarantees, letters of credit and issuing of credit services. Financial statement and financial information play a key role in credit assessment and evaluation stages of commercial loan decision (Libby, 1979 in Gomez-Guillamon, 2003). Accounting know-how helps customers to make higher financial expertise selections. Customers of accounting know-how may be both inside and outside to the institution. can be a constitution that a trade makes use of to gather, retailer, manipulate, , retrieve and file its fiscal information so that it may be utilized by accountants, consultants, business analyst , chief financial officer and tax businesses. An accounting expertise method is ordinarily a computer-headquartered approach of tackling accounting activity together with know-how technology assets. This approach entails gathering, storing and processing financial and accounting knowledge that's utilized by choice makers. The know-how amassed through the everyday transactions, income and purchases daybook, shoppers' advances, and ledgers are all accounting information. There have been calls and voices involving the lending resolution being adopted through commercial banks. This study is designed based on the aforementioned reason objectives at ascertaining the effect of accounting expertise on bank lending decisions taking specific reference to First bank institution PLC.

1.1 Statement of the Problem

Accounting information is essential in settling on loaning choice as the credit value would be resolved and default diminished. Throughout the years, Nigerian banks have been looked with the issue of insufficient bookkeeping data especially as it influences borrowers (clients). Deficient data on the monetary status of clients is a portion of the issues banks face in their loaning choice.

The extent to which accounting information impact on bank lending decision is however not clear in the face of banks having recurring default on loans and non-performing loans from customers. Hence we seek to investigate the impact of accounting information on bank lending decision in Nigeria.

1.2 Objective of the Study

The purpose of this study is as follows:

1. To investigate the impact of accounting information on lending decisions of First Bank Plc.
2. To examine the impact of accounting information in reducing the incidence of bad debts.
3. To determine the extent to which the customer's financial statements affect banks' lending decisions.
4. To ascertain how accounting information can be useful in dealing with fraudulent practices.

1.3 Research Questions

In order to achieve the objectives of the study, few major questions are addressed.

- i. What are the essentials of accounting information in bank lending decisions?
- ii. What is the effect of adequate use of accounting information in reducing the incidence of bad debts?
- iii. To what extent does a customer's financial statements affect bank lending decisions?

1.4 Research Hypotheses

The following hypotheses have been formulated for the purpose of this study.

- H₁: The accounting information received from loan applicants does not significantly influence First Bank's lending decisions.

H₂: Adequate accounting information does not help in reducing the incidence of bad debts.

H₃: Information about a customer's financial statements does not affect bank lending decisions.

1.5 Scope of the Study

The researcher tends to limit the scope of study to First Bank Bwari Area Council, Abuja to enable him carrying out a proper assessment. The research is however carried out within a period of one year.

2. LITERATURE REVIEW

2.1 Conceptual Framework

The Concept of Accounting Information: An Accounting information system (AIS) is a structure that a business uses to collect, store, manage, process, retrieve and report its financial data so that it can be used by accountants, consultants, business analysts, managers, chief financial officers (CFOS), auditors, regulatory and tax agencies. For the purpose of this research, the researcher is only concerned with the granting of loans and advance as this is a very important aspect banks could agree to grant loan to customers, certain conditions must be met and one of them is the presentation of firms or clients accounting information showing the financial position of the business.

It depends on this that the scientist needs to discover what this bookkeeping data is about. Ambros [1] characterized bookkeeping as the way toward recognizing estimating and imparting monetary and money related data to allow educated judgment and choice by clients regarding the data. Wolk et al. [2] identify creditors and investors as the two primary users of accounting information. Creditors generally focus on facts as well as numbers in estimating customers' ability to repay loans while on the contrary, investors are more concerned with information that enable them estimate their return potential on investments. When in doubt, clients can settle on better choices as the amount and nature of data increment. Alexander, Britton & Jorissen [3] argue that the most frequently used ratios that show a company's profitability are return on equity, return on asset and return on capital employed. Gopalakrishnan & Parkash [4] assessed the perception of accounting information in lending from borrowers and

lenders point of view. Results that emanated from the study show that debt-to-equity ratio and tangible net worth covenants contributed to the technical default in loan repayment.

Communication of Accounting Information: Lucy [5] said, information must be transmitted by means of communication process and communication involved in the interchanging of facts, thoughts, values, judgment and opinion which can take many forms like face to face conversation, telephone calls, letters, reports, visual display unit (VDU) transmission etc. Sawalga [6] examined the most important information sources relating to investment decision situations in Iran. The results obtained indicate that to investors, corporate annual reports were the most important for investment decisions. Communication as averred by Glauteir [7] is exchange of facts, ideas and opinions by two or more persons, the exchange is successful only when actually there is an understanding of the results. The managers of banks receive reports, if these are understood, will use them to evaluate the performance and viability of the firm before making lending decisions.

2.2 Role of Accounting Information in Bank Lending Decision

Bank needs accounting information to help them reach initial loan decisions and monitor the progress of their advances. Accounting information helps bankers to determine the company's financial position and forecast account which set out estimates of future cash flows and profitability. Where finance is required for a new project, the kind of estimate referred to should be prepared to enable management decide whether the demands are worthwhile. Banks must guard against making unnecessary demands of information since compiling such information might increase costs and cause potential customer to look for alternative source of finance. But this does not mean that banks should stop demanding for accounting information. So bankers only need to make a realistic assessment of their requirement in the light of the customer's request. The balance sheet of the firm must be well scrutinized by the banker in the light of the trade that the firm is engaged in. The debts and stock disclosed by the balance sheet would be analysed and detected, should the debt be suddenly called in or if the stock is sold by force. Pandy [8] opines "the use of accounting information is to aid various interest parties such as investors, analyst

and financial institutions in making decisions concerning the performance, efficiency, stability, viability and future prospects of enterprise.” Accounting ratios are also computed from the accounting statement as they are useful instrument for evaluating the viability of projects. Therefore, accounting information plays a very important role in bank lending decisions.

3. RESEARCH METHODOLOGY

3.1 Research Design

Survey research method is adopted for this study because it is designed in a way that would enable the researcher collect data that would give a wider knowledge of the impact of accounting information in bank lending decision.

3.2 Population of the Study

The population of the study comprises of all users of bank financial information in Abuja, Nigeria.

3.3 Sample Size and Sampling Technique

Primary data was used for the purpose of this research. Though there are several categories of users of banks financial information in Abuja, Nigeria, this study focuses on the core staff, contract staff and other staff of First Banks in Bwari Area Council, Abuja over a period of one year (2015). We administered forty (40) questionnaires to respondents of the bank but the total respondents used for this study was thirty-two (32). Therefore, the overall response rate is 80% which is appropriate.

Out of the various techniques of sampling, Quota sampling would be adopted. This is largely due to both time and financial constraints. As earlier explained, First Bank Nigeria Plc, Bwari Area Council, Abuja is the case study where forty (40) questionnaires would be administered as shown in Table 1.

3.4 Instrument for Data Collection

We employed a structured questionnaire in eliciting the required data needed to test the formulated hypotheses. The questionnaire was developed in a way that it would be able to adequately provide the necessary information to enable us achieve the objectives of the study. The questionnaire is made up of two sections. The first section examined questions relating to demographics and bio-data of the respondents such as age and sex amongst others. The second section examines questionnaire relating to the study.

3.5 Questionnaire Design

Questionnaire is adopted in this study in order to collect data from workers as regards to an evaluation of credit as an extension service in First Bank of Nigeria PLC, Abuja. Forty (40) questionnaires were administered.

3.6 Method of Data Analysis

Many statistical tools are available for the researcher for different purposes. To select the appropriate techniques, certain considerations must receive attention, that is, the different types of data that may be collected and several actors that relate both to the research questions and type of statistical tools that may be applied.

The method of data analysis is the way by which raw materials are broken down for meaningful understanding and interpretation as defined by Kerlinger [9]. He defined data as “a categorization, ordering manipulation form so that the relations of research problems can be studied and tested”. In this research, the result from the data was done sequentially according to the research questions and hypotheses. However, the figures that will be indicated in the measuring instrument (questionnaire) was taken, analyzed and interpreted and are subsequently used in testing the hypotheses.

Table 1. Questionnaires administered

S/No	Categories of staff	Number of questionnaires administered
1	Branch Manager	1
2	Supervisors	7
3	Account Officers	12
4	Sales Executives	5
5	Bulk Room Staff	8
6	Bank Clients	3
7	Credit Officer	4
		40

Simple percentage was used to draw conclusions on the researcher's questions while Chi – Square was employed in testing the hypotheses through the use of the Statistical Product and Service Solutions, SPSS software (an IBM product since 2009; [10]). After analyzing the research questions and hypotheses other relevant information and data relating to the result of the survey were analyzed and commented accordingly.

The formula used in calculating simple percentages is thus:

$$\frac{\text{The number of respondent to question}}{\text{Total number of respondents}} \times 100$$

The chi – square formula $X^2 = \frac{(fo-fe)^2}{Fe}$

Will be used to test the hypotheses which are:

1. H₁: The accounting information received from loan applicants does not significantly influence First Bank's lending decisions.
2. H₂: Adequate accounting information does not help in reducing the incidence of bad debts.
3. H₃: Information about a customer's financial statements does not affect bank lending decisions.

3.7 Decision Rule

The researcher's decision is based on the data that has been tabulated, analyzed and tested by the statistical technique called the chi – square (X²). If X²calculated is greater than X²table value, then null hypotheses (H₀), shall be rejected and the alternative hypotheses (H_i) will be accepted. The reverse will be the case when the chi –

square (X²) calculated value is less than X²table value, the null hypothesis (H₀) will be accepted and the alternative (H_i) will be rejected.

4. RESULTS AND DISCUSSION

4.1 Introduction

This section is concerned with the presentation, analysis and interpretation of data generated through the questionnaire. The result of the analysis will enable the researcher offer solution to research questions and hypotheses.

4.2 Data Presentation

A total of Forty (40) questionnaires were distributed. The table below shows the return rate of the questionnaire.

Table 1 shows that clearly that the questionnaire that was delivered to the branch manager was not returned. Only 3 out of the questionnaires distributed to the supervisors were returned. Out of the 12 questionnaires distributed to the Account Officers, only 9 were returned. All the questionnaires distributed to the sales executives, bulk room staff, bank clients and credit officer were all returned as distributed.

4.3 Data Analysis and Interpretation

In this section, the questions raised in the introduction were reflected in the questionnaire which will be analyzed.

Question 1

Does bank require accounting information before making lending decisions?

Table 2. Questionnaire administration

S/NO	Categories of staff	No. of questionnaires administered	No. of questionnaires required	Percentage
1	Branch Manager	1	0	0%
2	Supervisors	7	3	9.4%
3	Account Officers	12	9	28.1%
4	Sales Executives	5	5	15.6%
5	Bulk Room Staff	8	8	25%
6	Bank Clients	3	3	9.4%
7	Credit Officer	4	4	12.5%
	Total	40	32	100

Source: Research Survey 2015

Table 3. Accounting information and lending decisions

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Yes	27	84.4	84.4	84.4
	No	5	15.6	15.6	100.0
	Total	32	100.0	100.0	

Source: Survey Data, 2015

Table 3 shows that 27 (84.4%) of the respondents answered yes to the question. While, 5 (15.6%) of the respondents answered no to the question. This shows that most of the respondents are knowledgeable about their bank lending decision.

Question 2

If yes, how is the performance of accounting information in bank lending decisions?

Table 4 reveals that out of the 32 respondents, 53.1% responded that accounting information has an excellent performance in bank lending decisions, 9.4% responded that it has a fair performance, 12.5% responded that it is below average performance, while 9.4% responded that it has a poor performance.

Question 3

To what extent would you say First Bank relies on Accounting Information before making lending decisions?

Based on the analysis of question 3 shown in Table 5, out of the 32 respondents, 37.5% of the respondents agree that First Bank relies on Accounting Information before making lending decisions to a very significant extent, 31.3% of the respondents agree to that question to a significant extent, 21.9% agree to the statement to a fairly significant extent while 9.4% do not agree to very insignificant extent.

Question 4

What other non-financial information influence your lending decisions?

Table 6's results show that the majority of the respondents (50%) think all the options influences lending decisions. Furthermore, the results showed that 21.9% of the respondents think Central Bank of Nigeria Credit Guidelines is the other non-financial information that influences lending decisions, 3.1% answered that amount and purpose for the loan influences lending decisions, while, 25% of the respondents agree that personality and integrity of borrowers influences lending decisions.

Table 4. Performance and lending decisions

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Poor	3	9.4	11.1	11.1
	Below Average	4	12.5	14.8	25.9
	Fair/average	3	9.4	11.1	37.0
	Excellent	17	53.1	63.0	100.0
	Total	27	84.4	100.0	
Missing	System	5	15.6		
Total		32	100.0		

Source: Survey Data, 2015

Table 5. Reliance on accounting information and lending decisions

		Frequency	Percent	Valid percent	Cumulative percent
Valid	A very insignificant extent	3	9.4	9.4	9.4
	A fairly significant extent	7	21.9	21.9	31.3
	A significant extent	10	31.3	31.3	62.5
	A very significant extent	12	37.5	37.5	100.0
	Total	32	100.0	100.0	

Source: Survey Data, 2015

Question 5

To what extent would you say First Bank requires / insists on Audited Financial Statement from the Customer?

Results show that out of the 32 respondents, 43.8% of the respondents agree that First Bank requires / insists on Audited Financial Statement from the Customer to a very significant extent, 21.9 of the respondents agree to that question to a significant extent, 15.6% agree to the statement to a fairly significant extent while 18.8% do not agree to very insignificant extent. See Table 7 for details.

Question 6

Do you agree that improper accounting records from customers contribute to non re – payment of loans?

Table 8 shows that, 65.6% of the respondents strongly agreed that improper accounting records from customers contribute to non re – payment of loans, 18.8% agree improper accounting records from customers contribute to non re – payment of

loans while 15.6% disagree with the statement. Therefore, a grand majority of 84.4% agreed overall.

Question 7

After repayment of loans how often do these same customers come back for more loans?

Table 9 asserts that out of the 32 respondents, 65.6% of the respondents agree that after repayment of loans these same customers very often come back for more loans, 3.1 of the respondents agree that after repayment of loans these same customers often come back for more loans, 18.8% agree that after repayment of loans these same customers not often come back for more loans while 12.5% agree that after repayment of loans these same customers not often come back for more loans at all.

Question 8

Do you agree that your bank requires periodic financial statements from customers who have been granted loans?

Table 6. Other non-financial information and lending decisions

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Personality and integrity of borrowers	8	25.0	25.0	25.0
	Amount and purpose for the loan	1	3.1	3.1	28.1
	Central Bank of Nigeria Credit Guidelines	7	21.9	21.9	50.0
	All of the above	16	50.0	50.0	100.0
	Total	32	100.0	100.0	

Source: Survey Data, 2015

Table 7. Audited financial statements and lending decisions

		Frequency	Percent	Valid percent	Cumulative percent
Valid	A very insignificant extent	6	18.8	18.8	18.8
	A fairly significant extent	5	15.6	15.6	34.4
	A significant extent	7	21.9	21.9	56.3
	A very significant extent	14	43.8	43.8	100.0
	Total	32	100.0	100.0	

Source: Survey Data, 2015

Table 8. Improper accounting records and lending decisions

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Disagree	5	15.6	15.6	15.6
	Agreed	6	18.8	18.8	34.4
	Strongly Agreed	21	65.6	65.6	100.0
	Total	32	100.0	100.0	

Source: Survey Data, 2015

Table 9. After loans and lending decisions

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Not at all	4	12.5	12.5	12.5
	Not often	6	18.8	18.8	31.3
	Often	1	3.1	3.1	34.4
	Very often	21	65.6	65.6	100.0
	Total	32	100.0	100.0	

Source: Survey Data, 2015

Table 10. Periodic financial statements and lending decisions

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly Disagree	6	18.8	18.8	18.8
	Disagree	4	12.5	12.5	31.3
	Agreed	5	15.6	15.6	46.9
	Strongly Agreed	17	53.1	53.1	100.0
	Total	32	100.0	100.0	

Source: Survey Data, 2015

53.1% of the respondents strongly agreed that their bank requires periodic financial statements from customers who have been granted loans, 15.6% agree that their bank requires periodic financial statements from customers who have been granted loans, 12.5% disagree that their bank requires periodic financial statements from customers who have been granted loans while 18.8% strongly disagree with the statement. Results are depicted in Table 10.

Question 9

What is the frequency of rejected loan applications?

Table 11 shows that 21.9% of the respondents agreed that the frequency of rejected loan applications is between 0-24, 53.1% of the

respondents agreed that the frequency of rejected loan applications is between 25-49, 9.4% of the respondents agreed that the frequency of rejected loan applications is between 50 to 74 while 15.6% of the respondents agreed that the frequency of rejected loan applications is between 75 to 100.

Question 10

Do you think there has been adequate enlightenment on the Bank's Lending facilities?

Results from Table 12 show that, 71.9% of the respondents agree that there has been adequate enlightenment on the Bank's Lending facilities while 28.1% do not believe that there has been adequate enlightenment on the Bank's Lending facilities.

Table 11. Loan application and lending decisions

		Frequency	Percent	Valid percent	Cumulative percent
Valid	0-24	7	21.9	21.9	21.9
	between 25-49	17	53.1	53.1	75.0
	between 50-74	3	9.4	9.4	84.4
	between 75 – 100	5	15.6	15.6	100.0
	Total	32	100.0	100.0	

Source: Survey Data, 2015

Table 12. Inadequate enlightenment and lending decisions

		Frequency	Percent	Valid percent	Cumulative percent
Valid	No	9	28.1	28.1	28.1
	Yes	23	71.9	71.9	100.0
	Total	32	100.0	100.0	

Source: Survey Data, 2015

Question 11

Would you agree that it has a positive effect to the lending decision and reduction of default rate?

Table 13 reveals that, 59.4% of the respondents strongly agreed that adequate enlightenment on the bank's lending facilities has a positive effect to the lending decision and reduction of default rate, 21.9% agree that adequate enlightenment on the bank's lending facilities has a positive effect to the lending decision and reduction of default rate while 18.8% disagree with the statement.

4.4 Hypotheses Testing

Ho₁: The accounting information received from loan applicants does not significantly influence First Bank's lending decisions.

Table 14 revealed that the p-value is less than .05, therefore, the null hypothesis is rejected, thus accounting information received from loan applicants significantly influence First Bank's lending decisions.

Ho₂: Adequate accounting information does not help in reducing the incidence of bad debts.

As shown in Table 15, since the p-value is less than .05, the null hypothesis is rejected, thus adequate accounting information helps in reducing the incidence of bad debts.

Ho₃: Information about a customer's financial statements does not affect bank lending decisions.

Since the p-value is less than .05, the null hypothesis is rejected, thus information about a customer's financial statements affect bank lending decisions. See Table 16.

Table 13. Default rate and lending decisions

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Disagree	6	18.8	18.8	18.8
	Agreed	7	21.9	21.9	40.6
	Strongly Agreed	19	59.4	59.4	100.0
	Total	32	100.0	100.0	

Source: Survey data 2015

Table 14. Chi-square Test 1

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	60.353 ^a	9	.000
Likelihood Ratio	46.143	9	.000
Linear-by-Linear Association	18.600	1	.000
No. of Valid Cases	27		

a. 15 cells (93.8%) have expected count less than 5. The minimum expected count is .44

Table 15. Chi-square tests 2

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	54.222 ^a	6	.000
Likelihood Ratio	50.935	6	.000
Linear-by-Linear Association	29.165	1	.000
No. of Valid Cases	32		

a. 11 cells (91.7%) have expected count less than 5. The minimum expected count is .16

Table 16. Chi-square Tests 3

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.830 ^a	9	.045
Likelihood Ratio	12.517	9	.018
Linear-by-Linear Association	1.791	1	.018
N of Valid Cases	32		

a. 14 cells (87.5%) have expected count less than 5. The minimum expected count is .38

5. CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings Validate with Reported Research

This research work examined the impact of accounting information on bank lending decision. A summary of findings from the questionnaire administered and the tested hypothesis are thus presented in this section, recommendations are made and a final conclusion is given.

The research findings are summarize as follows:

- i. Accounting information received from loan applicants significantly influence First Bank's lending decisions.
- ii. Adequate accounting information helps in reducing the incidence of bad debts
- iii. Information about a customer's financial statements affects bank lending decisions.

Having presented and analyzed the data collected for this study in a logical and sequential manner, the researcher reviews that accounting information is required before making lending decisions by banks.

More so, it is deduced from the study that the incidence of bad debts can be minimized if proper accounting information is made available by First bank Plc. That the accounting information received from customers significantly influences the bank's lending decision.

5.2 Limitation of the Study

The effort of the researcher on this work was constrained by the following:

1. Finance: the researcher would have travelled to various commercial banks to get data for this study but due to limited fund he could not do so.
2. Time constraint: the researcher being a student who combines going to lectures, doing assignments with researches and equally exams was constrained by time factor which hindered him from travelling to get more information which will help him to give this work extensive research it deserved.
3. Casual work attitude of respondents: Unwillingness to answer the questionnaire by stating the following: "I don't know or I

don't have time attitude" by some respondents also hindered the research work from getting more information which would help him give the work more extensive research.

4. Bias on the part of the researcher: this has been a limitation to most study as there is a possibility of the inclusion of personal sentiment in conducting research work as a result of human nature (bound with personal opinion).

5.3 Conclusion Validate with Reported Literature

Judging from the findings of this research, the researcher concludes that accounting information has great effects on bank lending decisions although the extent to which banks make use of it differ from one bank to another. It was clearly stated that banks do demand financial statements while making lending decision, for it has helped them a lot towards knowing how viable the loan sought out for are as well as the possibility of its recovery before granting the loan. It was discovered that accounting information received from loan applicants do influence banks' lending decision. However the banks need to be very careful to be able to sort out which financial statement is true and which is false, this is because if the accounting statement is falsified and is relied upon by the bank, it would surely mislead the analyst who would in turn make a wrong decision approving a loan which cannot be repaid at maturity, thereby increasing the incidence of bad debts in banks.

Therefore, accounting information has a great impact on bank lending decisions for it will help them a lot to improve their credit facility and make sure of recovery when properly used.

5.4 Recommendation

Based on the findings from this study, the researcher hereby makes recommendations as follows for the improvement in the use of accounting information by commercial banks.

1. Commercial banks should insist on properly audited financial statements from all customers wishing to apply for loans.
2. Commercial banks are advised to discount the cash flow of the loan applied so that they will know how viable the project is therefore granting the loan.

3. Commercial banks must employ well trained analysts in the profession, who will be responsible for analyzing each customer's financial statements for proper interpretation strictly based on merit.
 4. Commercial banks should also establish good, efficient and credible credit departments and continually train department staff. This will help bankers to prepare and scrutinize data presented to them very well.
 5. There is need to monitor the affairs of any successful loan applicant to ensure that the progress of the project is on course and the loan is not diverted.
 6. It is recommended that further research could still be conducted on these issues to enhance the development of bank management as regard to the impact of accounting information on lending decisions of banks.
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COMPETING INTERESTS

Author has declared that no competing interests exist.

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