

**Appraising The Effect Of Financial Reporting Practice On The Financial Performance
Of Private Banks**

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ABSTRACT

Mass globalization forces the organization to bring about changes in the adoption of standards especially among the private banks. The private banks are suffering severely due to the problems of structural issues, lack of the practice of financial reporting and absence of financial performance. The purpose of this paper is, hence, to evaluate the impact of the financial reporting on the financial performance of the private banks of Cuddalore district. The research design of the study was descriptive. The respondents were the staffs of private sector banks of Cuddalore district. The sample size was 125 and the sample population was surveyed using a questionnaire. Regression analysis was performed to assess the relation between the financial reporting practice and the financial performance. The findings of the study show that there was a positive relation between the dependent and the independent variable. It was also revealed that financial reporting practice was seen to predict financial performance.

KEYWORDS: Financial Reporting, Financial Performance, Private Banks

INTRODUCTION

Whatever may be the type of industry, may it be service or manufacturing, departments are many and all the departments carry out their activities for organizational goal achievement. All the activities may be interdependent or may not be, but all the departments are connected to one single head at the end of the day and that head is the department of accounting and finance. The stakeholders of the company are informed and reported with the

aspects of accounting and finance of every department. Two forms of reporting are in practice in today's global business world– management reporting for internal management of an organization and the financial reporting for various stakeholders. Both types of reporting are essential and are regarded as the vital elements of the organization's accounting and finance system. Yet, it is regarded that financial reporting is considered important for organizations on the basis of the number of stakeholders and other formal requirements.

The term financial performance refers to the act of doing financial functions. To be precise, the term financial performance is the extent to which the financial goals have been achieved by the organization. Financial reporting is the act of evaluating the findings of the policies of the firm and also its operations in terms of monetary aspects. It is a process which is used to assess the financial health of a concern in a given period of time and can also be utilized to compare with the results of similar firms in the same sector.

STATEMENT OF THE PROBLEM

The discontent due to the process of globalisation is because of the rising discrepancy among the private banks of developed and developing nations. The practice of financial reporting is an exemplification of several generations of management discourse.

NEED FOR THE STUDY

The current study is the response to the need for the awareness regarding the impact of financial practice on the financial performance of banks.

OBJECTIVE OF THE STUDY

The main purpose of this paper was to evaluate the impact of financial reporting on the financial performance of private banks of Cuddalore district.

REVIEW OF LITERATURE

Adeyemi A. Adekunle, Asaolu and Taiwo (2013); the authors had made this study to investigate the practice of financial reporting among the banks of post consolidation of Nigeria. The objectives which were specific to the study were to discover the various regulatory principles that the banks have to follow to disclose their financial reports and to investigate the impact of such practices on their corporate stability. The data needed for the study was secondary which was collected from the annual reports which were published by 13 banks listed in the Nigerian stock exchange. These data were analyzed and the result showed that the stability of banks was affected by the financial reporting practice.

Anthony Nzeribe Nwaubani and Cyprian Okey Okoro (2018); the main aim of this paper was to examine the effect of IFRS on the assets quality of the banks of Nigeria. The design of this study was comparative and casual. Data for the study was secondary which was collected from 10 Nigerian stock exchange listed banks. The sample banks of the study were selected using judgmental sampling. The analysis of the data was done using paired t-test. The result of the study showed that there was a negative impact of financial reporting on the asset quality of the banks of Nigeria.

Pernamasari, Rieke. (2019). the main aim of this study was to identify the differences in the financial reporting in banking companies in ASEAN, particularly in Indonesia, Malaysia and Singapore. The financial reporting method is used to measure content components, technology, timeliness and user support. The secondary data was in this research, namely company documents in the form of financial statements published on www.idx.co.id, www.bursamalaysia.com and www.sgx.com, and other company websites. The result reveals that the quality of Financial Reporting in Banking in Indonesia was better

than Malaysia and Singapore both in whole and quality in the components of Content, Technology, Timeliness and Use Support. And it has been quite excellent at providing support to users in accessing the company's website; the company does not apply much technology to its website, because it displays more banking products sold.

RESEARCH METHODOLOGY

On the basis of the available data, the banks of private sector of Cuddalore district were selected for the study. The population of the study were the staffs of private banks of Cuddalore district and the size of the research was 125. The research design was descriptive and the data was collected using a questionnaire. A lot of close ended questions were included in this study. Regression technique was used to analyze the data.

ANALYSIS AND INTERPRETATION

Influence of financial reporting practice on financial performance

R	R Square	Adjusted R Square	F	Sig.
.677(a)	.459	.436	20.166	.000(a)

a Predictor: (Constant), Financial Reporting Practice
Coefficients(a)

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.567	.241		10.638	.000
Private Banks provide users with information about the financial and financial issues	.113	.061	.184	1.864	.065
Private Banks transaction reporting process is based on the company's accounting policies	-.234	.053	-.431	-4.401	.000
Financial reporting system is intended to provide information to investors	.034	.076	.044	.442	.659
Financial reports practice is understanding risk of their private bank financial positions.	.201	.058	.286	3.489	.001

Financial reporting practice provides trust of private banks	.235	.052	.425	4.561	.000
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a Dependent Variable: Financial Performance

Findings show that all statement of financial reporting practice was significantly influence the financial performance. There was a positive relation found between the dependent variable and the financial reporting practice. The analysis was done by executing linear regression. Among five factors two factors was not influence over the financial performance of private banks in Cuddalore district. The coefficient value, R^2 , was estimated to be 0.459 through linear regression, which shows that 45.9% of the independent variables had predicts financial performance of the private banks. The F value was found to be 19.626 and p value $= < 0.000$. This finding reveals that there was a positive relation between the dependent and the independent variable. It was also revealed that financial reporting practice was seen to predict financial performance.

CONCLUSION

The level of financial reporting of the private banks among the Cuddalore district was explored in this study. The results of the study show that there was insignificant relation among the financial performance and the financial reporting of the private banks in Cuddalore district. Also, it was found that, the Cuddalore banks provided the required financial reporting regarding their performances on the websites. This finding reveals that there was a positive relation between the dependent and the independent variable. It was also revealed that financial reporting practice was seen to predict financial performance.

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